

# Mineral Resources Committee

Meeting to be held on 19<sup>th</sup> July 2018 at 0900hrs  
in the Department of Mineral Resources

## AGENDA

### Part 1 - OPEN

1. **Apologies for Absence**
2. **Declarations of Interest**
3. **Confirmation of the Open Minutes of the meeting held on 13<sup>th</sup> December 2017** Already issued
4. **Matters arising from the Open Minutes of the meeting held on 13<sup>th</sup> December 2017**
5. **PON8 Update** Paper attached
6. **Date of the next meeting**
7. **Exclusion of Press and Public**  
The public are likely to be excluded from the meeting for these items of business by virtue of schedule 3, paragraph 9 (Information about others' financial and business affairs) and schedule 3, paragraph 15 (Draft Executive Council papers) of the Committees (Public Access) Ordinance 2012.

The Chairman to move as follows:

*“The public are likely to be excluded from the meeting for these items of business by virtue of schedule 3, paragraph 9 (Information about others' financial and business affairs) and schedule 3, paragraph 15 (Draft Executive Council papers) of the Committees (Public Access) Ordinance 2012”.*

**Part 2 - EXEMPT**

8. **Declarations of Interest for Exempt Items**
9. **Confirmation of the Exempt Minutes of the meeting held on 13<sup>th</sup> December 2017** Already issued  
*Not for publication by virtue of paragraph 15 of Schedule 3 of the Committees (Public Access) Ordinance 2012*
10. **Matters arising from the Exempt Minutes of the meeting held on 13<sup>th</sup> December 2017**  
*Not for publication by virtue of paragraph 15 of Schedule 3 of the Committees (Public Access) Ordinance 2012*
11. **Update to Safety Regulations** Paper attached  
*Not for publication by virtue of paragraph 15 of Schedule 3 of the Committees (Public Access) Ordinance 2012*
12. **Premier Oil Sea Lion EIS** Paper attached  
*Not for publication by virtue of paragraph 15 of Schedule 3 of the Committees (Public Access) Ordinance 2012*
13. **Environmental Legislation Draft Final Report** Paper attached  
*Not for publication by virtue of paragraph 15 of Schedule 3 of the Committees (Public Access) Ordinance 2012*
14. **Application to vary licence** Paper attached  
*Not for publication by virtue of paragraph 9 and 15 of Schedule 3 of the Committees (Public Access) Ordinance 2012*

# Mineral Resources Committee Meeting

## OPEN MINUTES

### MINUTES OF THE MEETING HELD ON 13 DECEMBER 2017 AT 08.00 HOURS IN THE DEPARTMENT OF MINERAL RESOURCES

*These minutes are draft minutes until confirmed by resolution at the next meeting of this Committee:*

<b>Present:</b>	Honourable Teslyn Barkman	Assembly Member (Chair)
	Honourable Ian Hansen	Assembly Member
	Barry Rowland	Chief Executive
	Stephen Luxton	Director of Mineral Resources
	Simon Young	Attorney General
	Ros Cheek	Law Commissioner
	Nick Rendell	Environment Officer
	Denise Herrera	Environment Officer Elect
	Roddy Cordeiro	Head of Environmental & Safety Policy
	Emily Hancox	Project Officer
<b>Minutes:</b>	Deborah Davidson	Projects & Finance Officer

#### Part I

#### Action

#### 1. Apologies for Absence

There were no apologies for absence

#### 2. Declaration of Interest

The Head of Environmental & Safety Policy declared that his partner is contracted to the South Atlantic Environmental Research Institute, which is in turn contracted to Premier Oil, and is specifically working on the EIA project.

The Honourable Teslyn Barkman declared that her partner is the current Environment Officer.

#### 3. Confirmation of the Open Minutes of Meeting held on 17 July 2017

The minutes were confirmed as a true and accurate record.

#### 4. Matters Arising from the Open Minutes of the Meeting held on 17 July 2017

## Mineral Resources Committee Meeting

None.

### 5. **Date of next meeting**

To be confirmed.

DMR

### 6. **Exclusion of Press and Public**

Chair moved to exclude the public from the meeting for these items of business by virtue of schedule 3, paragraph 9 (Information about others' financial and business affairs) of the Committees (Public Access) Ordinance 2012.

No members of the press attended.

## **Part II**

### 7. **Declaration of Interest**

*Not for publication by virtue of paragraph 9 of Schedule 3 of the Committees (Public Access) Ordinance 2012*

The Head of Environmental & Safety Policy declared that his partner is contracted to the South Atlantic Environmental Research Institute, which is in turn contracted to Premier Oil, and is specifically working on the EIA project.

The Honourable Teslyn Barkman declared that her partner is the current Environment Officer.

### 8. **Confirmation of Exempt Minutes of the Meeting held on 17 July 2017**

The minutes of the meeting were confirmed as a true and correct record.

### 9. **Matters Arising from the Exempt Minutes of the Meeting held on 17 July 2017**

*Not for publication by virtue of paragraphs 9 and 15 of Schedule 3 of the Committees (Public Access) Ordinance 2012*

There were no matters arising.

### 10. **Consultation on Sea Lion Development EIS submitted by Premier Oil**

*Not for publication by virtue of paragraphs 9 and 15 of Schedule 3 of the Committees (Public Access) Ordinance 2012*

**Mineral Resources Committee Meeting**

**The committee considered a paper on the above.**

**Minutes confirmed this .....day of .....2018**

**Chairman:..... Clerk:.....**

# MINERAL RESOURCES COMMITTEE OPEN PAPER

**Title:** Proposed change to Petroleum Operation Notice 8

**Paper Number:** 5

**Date:** 19<sup>th</sup> July 2018

**Responsible Director:** Director of Mineral Resources

**Report Author:** Offshore Environmental Advisor

**Portfolio Holder:** MLA Teslyn Barkman

**Reason for paper:** This paper is submitted to Mineral Resources Committee:  
For policy approval

**Publication:** Yes

**Previous papers:** -

**List of Documents:** Appendix A Draft PON8 Rev 2018

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## 1. Recommendations

Committee Members are recommended to approve:

- (a) That FI Petroleum Operations Notice #8 (PON8) “Oil and Chemical Pollution” is updated to align with the UK standards.
- (b) The proposed change to PON8 reducing target standard of oil in produced water<sup>1</sup> from 40mg/l to 30mg/l (page 9 on PON8) and reducing reportable spills/sheens from produced water from 100mg/l to those with >30mg/l. Expected concentrations are 10-15mg/l in line with current industry best practice.

## 2. Additional Budgetary Implications

2.1 None

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<sup>1</sup> Produced water is defined as formation and injected water along with associated chemicals and hydrocarbons. It is the water that exists in a reservoir and is extracted along with the oil/gas, as well as the water that is injected in to a well to extract hydrocarbons. It is the largest waste stream by volume of the oil industry, followed by drill cuttings.

### **3. Executive Summary**

- 3.1 Petroleum Operations Notice #8 “Oil and Chemical Pollution” needs to be updated in advance of any hydrocarbons development to meet best practice standards as per policy. The target value for oil in produced water is currently higher than that of the UK North Sea and so it needs to be lowered from 40mg/l to 30mg/l.
- 3.2 Operators already conform to this standard in existing developments if they operate in the North Sea and so it should have no material effect on proposed developments at this stage or in future.
- 3.3 This has not been a problem during previous hydrocarbons exploration as there has been no produced water from exploration activity, but is essential to have in place before development and production takes place.

### **4. Background**

- 4.1 The Islands Plan and Directorate Business Plan aim to regulate hydrocarbons development in the Falkland Islands including high standards of environmental protection appropriate legislation and guidance.
- 4.2 In 2016 there was a review of all FI PONs against their UK equivalents to check whether there were any gaps that needed to be addressed, or whether there were new requirements in the UK that would be applicable here. Since that 2016 review an additional gap has been recognised in PON8 “Oil and Chemical Pollution” regarding the target value for oil in produced water.
- 4.3 The UK is part of the OSPAR Commission (Convention for the Protection of the North-East Atlantic) and applies these standards to the UK hydrocarbons industry. North Sea standards are widely recognised as some of the best worldwide and FIG policy is to adhere to these as a minimum requirement, updating our legislation and guidance regularly to reflect this.
- 4.4 The OSPAR Convention applies Best Available Techniques (BAT) and Best Environmental Practice (BEP), in their efforts to prevent and eliminate marine pollution.
- 4.5 As defined in Appendix 1 of the OSPAR Convention BAT “means the latest stage of development (state of the art) of processes, of facilities or of methods of operation which indicate the practical suitability of a particular measure for limiting discharges, emissions and waste”. BEP is defined as “the application of the most appropriate combination of environmental control measures and strategies”.
- 4.6 Polycyclic aromatic hydrocarbons, alkyl phenols, heavy metals are all oil-related hazardous substances discharged via produced water. OSPAR countries have put considerable effort and investment towards reducing the total quantity of oil in produced water discharged. The performance standard for dispersed oil is currently 30mg/l (OSPAR Recommendation 2001/1).

4.7 The current Falkland standard is 40mg/l (p.9 of proposed PON8) which is out of line with OSPAR BEP and subsequently requires amendment.

## **5. Options and Reasons for Recommending Relevant Option**

- 5.1 The Falkland Islands Government is in the process of drafting new environmental legislation which will bring greater environmental protection through management and monitoring via an Environment Case regime.
- 5.2 This new legislation will include requirements for operators to propose performance standards in a goal-setting regime. At the moment we are using the North Sea as our reference standard, and the existing oil in produced water performance standard is currently out of line with our guidance and Petroleum Operations Notice #8.
- 5.3 It is proposed to align with minimum North Sea standards regarding regulation and environmental protection, therefore reducing the oil in produced water target from 40mg/l to 30mg/l.
- 5.4 Premier Oil has submitted an Environmental Impact Statement for the Sea Lion Development with a monthly average of below 30mg/l oil in produced water but an expected concentration of 10-15mg/l in line with current industry expectations. This is in line with our departmental advice and so the PON8 should be amended accordingly to reflect best practice for hydrocarbons development.

## **6. Resource Implications**

### 6.1 Financial Implications

None

### 6.2 Human Resource Implications

None

### 6.3 Other Resource Implications

None

## **7. Legal Implications**

- 7.1 Operators will be bound by a stricter standard than currently, as PONs are explicitly provided for as a licence condition within Production Licences.

## **8. Environmental & Sustainability Implications**

- 8.1 Adhering to Best Available Technique (BAT) and Best Environmental Practice (BEP) for oil in produced water and holding operators to account for improved standards reduces the impacts of produced water on the marine environment.

## **9. Significant Risks**

- 9.1 Risk of not approving this change is that the Falklands will fall behind North Sea standards and fail to achieve the highest environmental regulation of any hydrocarbons development.

## **10. Consultation**

- 10.1 None

## **11. Communication**

- 11.1 The new PON8 will be made available on the DMR website, replacing the previous versions, and all operators and licence holders will be notified of the amendment.

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**Falkland Islands Government**  
Department of Mineral Resources



**Petroleum Operations Notice 8**  
Oil and Chemical Pollution

**Revised July 2018**

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## **1 REGULATIONS**

Offshore Petroleum (Licensing) Regulations 1995 and 2000: Model Clause 21(8) of Schedule 2.

The licensee shall give notice to the Director of Mineral Resources on behalf of the Governor of any event causing escape or waste of petroleum, damage to petroleum bearing strata or entrance of water through wells to petroleum bearing strata except for the purposes of secondary recovery forthwith after the occurrence of that event and shall, forthwith after the occurrence of any event causing escape of petroleum into the sea, give notice to such person or authority as the Governor may have notified him that notice in that behalf shall be given.

## **2 REPORTING AN OIL/CHEMICAL SPILL**

\* All escapes of pollution into the sea must be reported as soon as possible to:-

- (i) the Department of Mineral Resources as regulator and
- (ii) the Department of Natural Resources as incident command for the National Oil Spill Contingency Plan (NOSCP).

(The information required is summarised in the proforma of Annex 1 and the contact points are given in Annex 2.)

## **3 USE OF DISPERSANTS**

Operators must observe the following guidelines on when to use dispersants in the event of an oil spill from an offshore installation. Any special conditions attached to a particular licence should also be adhered to.

- (i) In general, when a spill occurs at an offshore installation (including a pipeline) it should not automatically be treated with dispersants but it should be reported to the Department of Mineral Resources and Department of Natural Resources immediately, and the slick should be tracked.
- (ii) However, if a spill occurs at an installation operating in any blocks wholly or partly within 25 miles of the coast or in an environmentally sensitive area (as established during the preparation of the oil spill contingency plan) and if the spill could contaminate the sea surface outside the immediate area (500m radius) of the installation, then the use of dispersants may be authorised by the Incident Command, NOSCP.

\* In all circumstances the incident must be reported to the Department of Mineral Resources and the Department of Natural Resources immediately.

\* The location of any oil remaining on the sea surface should be surveyed from the air as soon as possible after the incident and at least twice per day, until the clean-up operation is completed. The survey results should be reported to the Department of Mineral Resources and the Department of Natural Resources.

For the purpose of treating oil on the surface of the sea the product used must:-

- (a) be approved by a recognised licensing Authority (Incident Command NOSCP).

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- (b) be used in accordance with the conditions of that approval and
  - (c) the permission of the Incident Command NOSCP must be sought in advance on ALL proposals to use oil dispersants except in circumstances where a spill poses an immediate threat to human health or the safety of an installation.
  - (d) Where the spill is, or seems as though it may become extensive in size (e.g. a Blow-out, a fractured pipe or a damaged storage facility) there should be the earliest possible consultation with the Incident Command NOSCP. The consultation should take place through the channels established within the operator's contingency plan. Arrangements should be made to monitor the movement, spreading and emulsification of the oil so that a proper assessment can be made of whether and to what extent it is threatening the coast, fisheries, seabirds or other wildlife and of the action necessary to protect the threatened interest.
  - (e) Where a spill is quite clearly small (less than 1 tonne) and not increasing in volume, urgent consultation with the Incident Command NOSCP need not take place (although the spill must always be reported in accordance with regulations and in accordance with the channels established in the operator's contingency plan.). It will probably be unnecessary to use dispersants other than in exceptional circumstances [see 3(iii) above].
  - (f) In certain cases, however, because of the characteristics of the oil or the geographical location of an installation, it may be necessary to issue different and specific advice to the appropriate operator.

#### **4 ANNEXES**

1. Proforma for reporting of Oil/Chemical Spills from Platforms or other Installations at sea.
2. Contacts for Reporting Oil/Chemical Spills.

#### **5 NOTE**

Any queries concerning this Notice should be sent to the address below:-

Department of Mineral Resources  
Falkland Islands Government  
Stanley  
Falkland Islands

Tel: (+500) 27322  
Fax: (+500) 27321  
e-mail: [reporting@mineralresources.gov.fk](mailto:reporting@mineralresources.gov.fk)

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## Annex 1

### **PROFORMA FOR USE IN OIL/CHEMICAL SPILL REPORTING FROM OFFSHORE INSTALLATIONS AND PIPELINES**

All reports of oil or chemical pollution at sea should be directed to the Department of Natural Resources (Fisheries Department) either by VHF radio or telephone immediately after observation and assessment. This should be confirmed by a written (preferably emailed as below) report. The following table sets out the type and nature of information to be included in a report.

Observers of spillage should not delay sending a report. If certain information is lacking this may be provided at a later date.

To: Falkland Islands Government Department of Natural Resources (Fisheries)

VHF Channels: 16 and 10  
Telephone: +500 27266  
Fax: +500 27265  
Email: [fishops@fisheries.gov.fk](mailto:fishops@fisheries.gov.fk)

Out of office hours, call Fisheries Duty Officer (+500 53045).

Department of Mineral Resources      Telephone: +500 27322  
Fax: +500 27321  
Email: [reporting@mineralresources.gov.fk](mailto:reporting@mineralresources.gov.fk)

If unable to contact either of the above, contact the Royal Falkland Islands Police:

Telephone: +500 28100  
Fax: +500 28110

<b>Identity of Observer/Reporter</b>		
Full Name:	Organisation/Company:	
Contact Telephone No:	Contact E-Mail:	
<b>Incident Details</b>		
Operator/Organisation/Company Responsible for Incident:		
Date of Incident:	Time of Incident:	
Installation/Facility:	Fixed / Mobile (delete as applicable)	Field Name:
Latitude:	Longitude:	Quad & Block No.:
Location of spill/discharge (relative to installation)		
<b>Oil Release / Chemical Release or Permitted Discharge Notification (tick below and complete column details as applicable)</b>		
Oil Release Notification: <input type="checkbox"/>	Chemical Release Notification: <input type="checkbox"/>	Permitted Discharge Notification: <input type="checkbox"/>
Max Released (tonnes):	Quantity Released (kg):	Max oil discharged (tonnes):
Min Released (tonnes):	Chemical Name:	Min oil discharged (tonnes):
Type of Oil: Crude type Specific gravity Wax content Viscosity Asphaltene content Pour Point	Chemical Use:	Type of Oil: Crude type Specific gravity Wax content Viscosity Asphaltene content Pour Point
Tier of Response (1,2 or 3): (As per Oil Pollution Emergency Plan)	% oil if OBM or base oil:	Oil Conc. in discharge:
	Warning label:	Discharge rate m <sup>3</sup> /hr:
Appearance:	Appearance:	Appearance:
Approx. release area on sea surface (m <sup>2</sup> or km <sup>2</sup> ):	Approx. release area on sea surface (m <sup>2</sup> or km <sup>2</sup> ):	Approx. sheen area on sea surface (m <sup>2</sup> or km <sup>2</sup> ):
<b>Is Release Ongoing?</b> YES / NO (If YES PON8 must be updated & reported each 24 hr period unless otherwise directed by FIG)		
Release since last report (tonnes):	Total Release to date (tonnes):	
Estimated extent of spill (m3 [1,000litres/m3])		
Wind speed (kn):	Wind direction(degrees):	
Wave height (m):	Water depth (m) in spill area:	

Sea state:    Calm            Slight            Moderate            Rough            Very Rough			
Minimum distance from nearest shoreline (km):			
Minimum distance from nearest median line (km):			
Source of pollution:			
Cause of pollution:			
Have containment measures been deployed? Give details			
Have surveillance measures been deployed? Give details			
Have samples been collected for analysis?	Yes	No	
Have photographs been taken?	Yes	No	

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**Dispersant Use Information** (when seeking approval and after use)

Dispersant type(s)

Dispersant proprietary name(s)

Quantity used/proposed:

Method(s) of application:

Location of application:

Water depth in application area:

Have/were efficacy tests been undertaken to confirm hydrocarbons amenable to treatment?

Environmental sensitivities relevant to location(s) of application (including protected sites):

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## Annex 2

### CONTACT DIRECTORY

**NOTE THAT THE COUNTRY CODE FOR THE FALKLAND ISLANDS IS +500**

#### Government Related Organisations

Department of Natural Resources (Fisheries)	Telephone Fax	27260/27266 27265
Department of Natural Resources (Agriculture)	Telephone Fax	27355 27352
Attorney General's Chambers	Telephone Fax	28460 27276
Environmental Officer	Telephone	28427
Falklands Conservation	Telephone Fax	22247 22288
FIGAS	Telephone Fax	27219/27220 27309
Department of Mineral Resources	Telephone Fax	27322 27321
Royal Falkland Islands Police	Telephone Fax	28100 28110

See National Oil Spill Contingency Plan for more details.

Numbers are correct at the time of publication but may be subject to change. Contact details should be verified by Production Licence operators and other responders at the time of commencing operations.

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## **REPORTING OF OIL SPILLS TO THE DEPARTMENT OF MINERAL RESOURCES**

Guidance has been requested on how and when to report oil spills to the Department with special emphasis on long term “sheens” from produced water discharges. *(The words “sheen” and “spill” are used interchangeably in this document).* The following points are intended to clarify the situation.

1. If the sheen does not result directly from the produced water stream it must be reported using form PON 8 regardless of its size. There is no lower limit to the size of spill/sheen reported.
2. If the sheen results from the produced water stream and the discharge contains in excess of 30mg/l oil in water then it must be reported using form PON 8 regardless of its size. There is no lower limit to the size of spill/sheen reported.
3. If the sheen results from the produced water stream and the discharge contains less than 30mg/l oil in water then a spill need not be reported. If the appearance of the sheen differs from the normal, or if another source or discharge is causing an unusual coloration of the water around the installation then the Department of Mineral Resources should be informed of the incident by telephone as soon as possible. This should not be treated or recorded as an oil spill. The purpose of the report will be to enable the Department to respond to enquiries from third parties (spotter planes, civilian aircraft, ship’s masters etc.)

The decision as to whether the sheen is “unusual” in appearance must be left to the common sense and judgement of the OIM at the time.

The target standard of Oil in Water concentrations from produced water discharge is 30mg/l, which aligns with UK Regulations. Expected concentrations are 10-15mg/l, which is in line with current industry best practice.

**This guidance has been simplified in order to assist with reporting only. The target value for produced water streams remains <30mg/l in line with UK/OSPAR.**

4. If a sheen is sighted from the installation, and it does not originate from that installation, then it must still be reported using a PON 8 form. There is no lower limit to the size of spill/sheen reported.

This guidance is intended to reflect the fact that all oil spills are reportable under law but that normally operating produced water streams are already reported via the installation’s oil record book.