

# EXECUTIVE COUNCIL

## RESTRICTED

**Title of Report:** Review of Environmental Impact Statement produced by Desire Petroleum PLC for offshore drilling

**Paper No:** 168/09

**Date:** 20 August 2009

**Report of:** Environmental Planning Officer

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### **1.0 Purpose**

1.1 To recommend approval procedures for an Environmental Impact Statement (EIS) submitted by Desire Petroleum.

### **2.0 Recommendation**

- (a) Honourable Members be advised to recommend that the Governor approves the EIS for exploration drilling prepared by Desire Petroleum, subject to submission of an Operational Addendum to include details of the drilling contractor, drilling unit, location and number of wells to be drilled, and proposed dates of operation.
- (b) That the Addendum should also include a revised Non-Technical Summary that addresses the issues identified by IEMA
- (c) That the Addendum to the EIS is published in the Gazette and be approved by the Mineral Resources Committee
- (d) That the IEMA review and Desire Petroleum's response to it both be made available to the public.

### **3.0 Summary of Financial Implications**

3.1 None.

### **4.0 Background**

4.1 In 1996 Desire Petroleum PLC was awarded licences PL006 and PL007 to drill in waters to the north of the Falkland Islands. In 2008 it was awarded a further licence (PL034) which lies between the other two licences. The company is planning to drill in the area covered by the licences as soon as a rig can be secured.

- 4.2 Earlier this year the company submitted an Environmental Impact Statement (EIS) which provides an assessment of the potential environmental impacts associated with the proposed drilling, together with mitigation and management measures and a description of any residual impacts to the environment. The assessment utilises a study of the baseline environment, together with a description of the proposed operations, in order to assess the risk of impacts occurring.
- 4.3 The EIS was placed on deposit between March and April with comments invited from the public and other interested parties. The Department for Energy and Climate Change (DECC) submitted a response, as did Falklands Conservation (FC) and the Royal Society for the Protection of Birds (RSPB) on a joint basis as part of Birdlife International.
- 4.4 DECC identified a few issues of concern, including the drilling schedule, drilling rig, well testing, cuttings and noise. The majority of these arose as a result of the lack of information in the EIS regarding the proposed rig and when drilling is likely to take place. In response Desire Petroleum has re-affirmed its intention to produce an addendum to the EIS when these details are known.
- 4.5 The FC/RSPB overall assessment was that the Statement was ok, although they identified some aspects of the EIA/EIA process which could be strengthened. These include:
- *Assessment of impacts section* is focussed very much by activities e.g. drilling, vessel use, whereas to present a complete and clear view of impacts it would also be useful if the EIA presented the impacts by receptor e.g. birds, marine mammals, people, etc).
  - Recommend the preparation of a Strategic Environmental Assessment (SEA) to consider cumulative impacts and consider that this document would probably best be coordinated by the Mineral Resources Department with input from other departments. The respondents observe that such SEAs have been carried out for offshore energy in the UK and, while far from perfect, do provide a more strategic approach to planning.
- 4.6 The proposal to prepare a SEA is probably more relevant in the event of commercial quantities of hydrocarbons being discovered in a number of licence areas than for the current round of exploratory drilling. Should this be the case it will be necessary to consider cumulative impacts and SEA is a valuable tool to achieve this.
- 4.7 Both sets of comments were forwarded to Desire Petroleum which has responded to the points made.

## **5.0 IEMA Review Overview**

- 5.1 In order to enable me to assess the quality of the EIS I decided to engage an external reviewer. The contract was awarded to the Institute of Environmental Management and Assessment (IEMA) in the UK. The Institute has previously been engaged to undertake similar reviews for the Government.
- 5.2 IEMA submitted its review at the end of June. Its report was forwarded to Desire Petroleum and their environmental consultants have commented on it (see 7 below)
- 5.3 The review undertaken by IEMA grades the different sections of the EIS to provide the reader with an indication of the quality of the documentation. The grades range from A (excellent, no tasks left incomplete) to F (very poor, most tasks left incomplete).
- 5.4 The review has graded the different sections EIS as follows:

### General Criteria

- i) Description of development – C
- ii) Site description – C
- iii) Scoping – C
- iv) Consideration of Alternatives – C

### Issue Specific Criteria

- i) Baseline Conditions – C
- ii) Prediction of Impact Magnitude – D
- iii) Impact Significance – D
- iv) Mitigation – D
- v) Follow-up – C

### Presentation of Results

- i) Presentation – C
- ii) Objectivity – C
- iii) Non-Technical Summary - D

- 5.5 IEMA has not produced an overall grade but, based on the above scoring, it would lie between a C (Satisfactory despite omissions and inadequacies) and a D (Parts well attempted but must as a whole be considered unsatisfactory because of omissions and/or inadequacies)

## **6. Main issues arising from the Review**

- 6.1 A common theme running throughout the Review is the lack of information in the EIS relating to the specifics of the proposed drilling operations. Such issues include the type of rig to be procured, the time of year that the activity will take place and the number and location of wells proposed. To a large extent these were recognised in the EIS which included a commitment to produce an Operational Addendum once specific details are known.

6.2 Allowing for the uncertainties highlighted in 6.1 the Review also identified a number of areas where, in the absence of known conditions, the Statement could have been more expansive in consideration of different scenarios. These include:

- A discussion on the impacts and emissions arising from different flare tip designs;
- Assessment of impact magnitudes and the development of consistent worse case scenarios;
- A more comprehensive approach to the consideration of cumulative impacts; and
- Strengthening approaches and commitment to mitigation measures

6.3 One of the specific weaknesses identified by IEMA is in relation to waste. There is a large degree of uncertainty associated with waste disposal from the drill rigs; both in terms of the amount of waste likely to be generated and the likely disposal method. The EIS provides no estimate for hazardous and certain other wastes and the reviewers believe that a worse case estimate should have been possible. In addition, they also believe that (while accepting that specific details of waste treatment, recycling and disposal destinations cannot be confirmed at this stage) there should be greater commitment to dispose of, or recycle, non-hazardous waste in the Falklands.

6.4 Finally, while the reviewers welcome the production of a Non-Technical Summary as a separate document they then criticise it for:

- Using technical language and terms not accessible to the general public;
- A lack of maps and diagrams that could aid comprehension of the proposals;
- The use of cross-references to the EIS , rather than being a stand alone document; and
- A lack of information on contact details, timings and methods of consultation and how comments have been/will be addressed.

## **7. Response from Desire Petroleum PLC to Review**

7.1 Desire Petroleum was sent a copy of the IEMA review on 2 July 2009 and gave a very quick response addressing all the points raised in the Review. Key parts of the response are as follows:

- i) Confirmation that Desire Petroleum will submit an Operational Addendum containing details of the drilling contractor, drilling unit, location and number of wells to be drilled, and dates of operation. The company has confirmed that two wells are to be drilled from four possible locations (IEMA found the EIS unclear with regard to this important matter).
- ii) The response provided further information on the points identified in 6.2 above:

<b>Issue identified by IEMA</b>	<b>Desire response</b>
The impacts and emissions arising from different flare tip designs	Well testing is not planned so flare design is not an issue at this stage. If this situation changes, we will address flaring in the Addendum to the EIS.
Impact magnitudes and the development of consistent worse case scenarios	Further information provided, including for oil spills. Will look to provide a table in the Addendum to summarise impacts.
The consideration of cumulative impacts	Likely that rig will be shared and there is unlikely to be any temporal overlap in operations. Also, wells being planned by other operators are a considerable distance from each other – any spatial impacts from different drilling operations must be considered to be remote. Cumulative environmental effects from the planned exploration programme are unlikely given the short term nature of the wells, the fact that they will be plugged and abandoned and that exploration activities are planned over a wide area.
Approaches and commitment to mitigation measures	IEMA comments noted. Details will be presented in the Oil Spill Contingency Plan covering mitigation in the event of a major oil spill.

- iii) The company provided further information on proposals for waste disposal (6.3 above).
- iv) The company noted the comments on weaknesses in the Non-Technical Summary.

## **8. Mineral Resources Committee**

- 8.1 The Minerals Resources Committee on 16 July 2009 considered a report on the IEMA Review, when I was also able to verbally inform it of the response by Desire Petroleum.
- 8.2 Members were broadly content with both the Review and response from Desire Petroleum, recognising that the Operational Addendum should address the remaining unresolved matters identified by IEMA.

## **9. Next steps**

- 9.1 I recommend that Executive Council advises HE the Governor to approve the EIS for exploration drilling prepared by Desire Petroleum, subject to submission of an Operational Addendum. The Addendum to the EIS should be

published in the Gazette and be approved by the Mineral Resources Committee.

9.3 I also consider a revised Non-Technical Summary that addresses the issues identified by IEMA should be produced and submitted at the same time as the Operational Addendum. This would provide lay people with information on the full proposal in a form that should satisfy their level of interest.

9.4 Finally, it is appropriate the review undertaken by IEMA and Desire Petroleum's response to it both be made available to the public.

**10. Financial Implications - None**

**11. Legal Implications - None**

**12. Human Resources Implications - None**