

SCHEDULE 6

ADDITIONAL CONDITIONS

A. General

- A1.** The Governor may by notice in writing to the Licensees impose restrictions upon the positions in which the Licensees may drill. This condition would not be imposed unless there was good reason for doing so, such as environmental considerations or the proximity to a planned drill site of a sunken ship which is a war grave.
- A2.** The Licensees shall not operate more than one rig at any time in any block without the prior consent of the Governor in writing.
- A3.** The Governor may at any time he considers any development programme (including any further or any amended development programme) submitted by the Licensees impose restrictions on the number and location of permanent installations and their safety zones, including sub-sea structures which may be placed within the area retained by the Licensees.
- A4.** There may be explosive wrecks or unexploded ordnance within the tranche. Licensees should therefore consult the Director of Oil, Falkland Islands Government at least three months in advance of planned seismic and drilling activity.
- A5.** The Licensees shall comply with Petroleum Operations Notices issued from time to time by or on behalf of the Director of Oil so far as they are relevant to the operations of the Licensees under the licence. For the purpose of this condition Continental Shelf Operations Notice No.1 (October 1995) shall be deemed to be Petroleum Operations Notice No.1.

B. Seismic Acquisition and Drilling Operations

- B1.** The Licensees shall consult with such persons and organisations as the Director of Oil may require at least 30 days prior to undertaking seismic survey work or the drilling of any well. The Licensees shall inform the Director of Oil in writing of the result of those consultations. If the Director of Oil determines that the survey or drilling should be carried out in accordance with particular conditions, he may by notice in writing require the Licensees to carry out the survey or drilling in accordance with such conditions as are specified in the notice, and the Licensees shall comply with those conditions.
- B2.** The Licensees shall use water based muds for drilling wherever technically possible. Prior to commencing any drilling operations the Licensees shall notify the Director of Oil and the British Geological Survey of the drilling mud and any chemicals the Licensees intends to use (including chemical additives the Licensees intends to use in emergencies) and the methods the Licensees intends to use to dispose of drilling cuttings and spent mud and the Director of Oil may on consideration of that information by notice in writing to the Licensees require the Licensees to dispose of drill cuttings and spent mud in accordance with such conditions as may be specified in the notice and the Licensees shall comply with those conditions.

B3. Without prejudice to conditions B1 and B2:

(1) the Licensees shall only use the discharge chemicals which are on the list (as amended from time to time) approved under the United Kingdom Offshore Chemical Notification Scheme;

(2) the Licensees shall as soon as is reasonably possible after the completion of each well submit to the Director of Oil a report in writing detailing the types and quantities of chemicals used in or in connection with the drilling of the well and as to the places and quantities in which they have been discharged;

(3) in the case of production installations and pipe-lines operated by or on behalf of the Licensees, the Licensees shall submit to the Director of Oil every three months a report in writing containing the like information to that required under sub-paragraph (2).

B4. The Licensees shall in conducting seismic exploration operations and other operations under the licence:

(1) not deliberately kill or injure any cetacean (otherwise than for the purpose of relieving suffering) such being prohibited by the Marine Mammals Ordinance 1992;

(2) take all reasonable practicable steps to avoid any accidental killing, injury or disturbance (including in particular acoustic disturbance) of cetaceans and fish (including squid);

(3) Take into account:

(a) that even when quite close to vessels, cetaceans are often difficult to detect and allow adequate times for sightings to be made once vessels have arrived in an area where seismic surveying is to take place;

(b) that some species of cetaceans may be attracted to a vessel from some distance away, for example by engine noise and may accompany a vessel for some distance and even bow-ride if the vessel is fast-moving, that the arrays of hydrophones towed by survey vessels may attract dolphins and that they are naturally inquisitive and may be attracted to areas where human activity is about to take place;

(c) that cetaceans if disturbed may alter their heading rapidly and are capable of brief bursts of swimming at a speed of up to 30 knots and a sustained speed of 8 knots;

(4) Use hydrophones whenever possible to detect animals that may be invisible from the surface (cetaceans communicate with each other using whistles, creaks, chirps and moans which may be heard over considerable distances and trains of clicks are used by them for echolocation and whilst foraging and can be heard with a hydrophone at a distance of several miles).

(5) Before any survey line is started make a careful visual check whether there are any cetaceans within 500 metres and, if there are, delay the start of the line until they have moved away.

(6) Where equipment allows a build up of power slowly from a low energy start-up to give cetaceans adequate time to leave the vicinity and throughout the survey use the lowest practicable energy levels.

C. Environmental: Oil Spills

C1. The Licensees shall take all practicable steps to prevent spillage or escape of oil into the sea and shall before undertaking any licensed activity (excluding seismic surveying) obtain the approval of the Governor in writing to an oil spill contingency plan which covers the licensed activity in question.

C2. Without prejudice to condition C1, not less than six months before the implementation of any proposed drilling programme (including any drilling forming part of any approved work programme) the Licensees shall submit to the Governor proposals for an oil spill contingency plan for each well comprised in the programme which proposed plans shall accord with the following essential elements:

(a) it shall provide for the presence near the installation at all times of a capability of spraying dispersant at 30 minutes notice, with stocks sufficient to deal with a 10 tonne spill or alternative equivalent credible pick-up capability suitable for the type of oil anticipated;

(b) it shall provide for back-up resources to be available within half of the minimum time it would take for oil to be driven ashore, assuming a constant onshore wind of 30 knots;

(c) it shall provide for the availability of trained personnel and any necessary charts on the installation to calculate and chart (on the basis of surface current and 30 knot wind speed) the likely path of any oil spilt and trained crews adequate in number to ensure the competent and efficient use of the selected resources;

(d) it shall demonstrate that prior consultations have taken place with such persons and organisations as the Director of Oil may require on the identification of particularly vulnerable natural resources and provide for the adoption following an incident of all reasonable measures to effect the protection of such resources;

(e) it shall provide for aerial surveillance to take place within four hours of any spill and at least twice a day thereafter until no oil remains on the sea (visibility and weather conditions permitting);

(f) it shall set out the reporting procedures to be followed in the event of any oil spill.

C3. The Licensees shall comply with and act in accordance with the oil spill contingency plan when approved (if appropriate, with amendments) by the Governor.

D. Fisheries interests

- D1.** The Licensees shall appoint a fisheries liaison officer and agree suitable arrangements with seismic survey and supply vessel owners, their masters and organisations which represent the Falkland Islands fishing industry, in order to promote good working relationships between the various parties. The setting up of the arrangements shall be the responsibility of the Licensees who shall:

(a) after consulting the Director of Fisheries and the organisations representing the Falkland Islands fishing industry, agree with the Director of Oil the sea routes to be used by supply vessels with a view to minimising interference with fishing activities without unreasonably increasing transit times and ensure that the agreed routes are used except, when safety of navigation or security of cargo considerations dictate otherwise; and

(b) take all reasonable steps to ensure that a responsible person who is fluent in English is a member of the crew of the supply vessel.

- D2.** The Licensees shall make every effort to locate and remove without unreasonable delay any debris resulting from licensed activities. The Licensees shall consult the Director of Fisheries and the organisations representing the Falkland Islands fishing industry on the method of clearance and shall inform the Director of Oil of the result of those consultations and shall carry out the clearance in such manner as the Director of Oil may require.

- D3.** The Licensees shall deal promptly with claims for damage or loss of gear or loss of fishing time arising from debris caused by the Licensee's activities under the licence in accordance with procedures which the Licensees shall establish in consultation with the organisations representing the Falkland Islands fishing industry. Recommended elements of such procedures are:

(a) a fishing vessel encountering debris it suspects to be related to oil exploration shall make every practicable effort to recover the obstacle on board and shall make every endeavour to mark the location (eg with a buoy if possible) and provide accurate geographical co-ordinates which it shall notify, with the nature of the debris, without delay to the Fisheries Department, Stanley: and

(b) where the Director of Fisheries believes that reported debris can be attributed to a specific operator, he shall inform the Director of Oil who will notify that operator and who shall otherwise notify all operators who may have carried out operations in the vicinity in the year preceding the discovery of the debris.