

**Nautical Petroleum**

**Environmental Management System  
Public Statement - 2006**

Rev 00  
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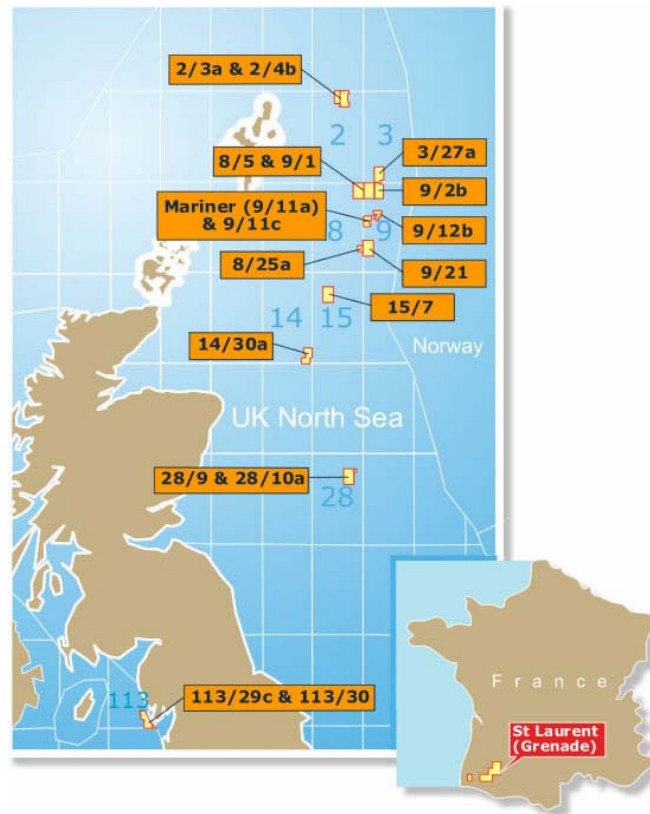
## 1 INTRODUCTION

As a regulatory requirement under the OSPAR Recommendation 2003/5, the DTI require that all existing UKCS oil and gas operators undertaking offshore operations during 2006 must have prepared an annual statement of their environmental performance, covering that calendar year, and made that statement available to the public. This document represents the annual public environmental statement for Nautical Petroleum plc (Nautical) in 2006 in relation to UKCS OSPAR reporting.

## 2 NAUTICAL

Nautical is a UK oil exploration and production company committed to achieving growth and creating shareholder value in high quality hydrocarbon basins, particularly in heavy crudes. The primary focus of operations is the UK North Sea, as shown in the summary of Nautical's interests in Figure 1. The Company is targeting low risk appraisal opportunities within known productive trends.

**Figure 1: Summary of Nautical Interests**



## 3 THE ENVIRONMENTAL MANAGEMENT SYSTEM

Nautical has developed and implemented an Health, Safety and Environment Management System (HSE MS) to ensure that all of its activities are managed in a safe, responsible, efficient and effective manner. The HSE MS ensures that all Nautical's activities are managed in accordance with the Company's HSE Policy which is given in Figure 2.

The scope of the HSE MS extends to all of Nautical's operations both onshore and offshore. In 2006 this relates to any office activities undertaken onshore, and offshore only to surveying campaigns undertaken for the Mermaid and Kraken wells in the North Sea.

The structure and content of the HSE MS has been designed to enable critical activities to be identified and managed so that risks to the health and safety of personnel and to the environment are reduced to a level deemed to be as low as reasonably practicable (ALARP). In addition, the system has been developed to comply with existing international (e.g. ISO 9001 and 14001) and UK (e.g. HS (G) 65) standards for health, safety, environmental and quality management.

**Figure 2: Nautical Policy on the Environment**

## **Nautical Petroleum**

*Nautical Petroleum wishes to build value through developing sustainable long-term relationships between partners and the community. It is the Company's policy to comply with all applicable legal and other requirements and to conduct all its activities in such a way as to:*

- Avoid harm to all personnel involved in or affected by its operations;*
- Minimise adverse effects of its operations through continually preventing pollution,*
- Respect the interests of neighbours and local communities.*

*Nautical Petroleum believes that prevention of accidents, ill-health and protection of the environment are essential to the efficient operation of its business. The company is committed to high standards of health, safety and environmental protection; these aspects command equal prominence with other business considerations in the decision making process, and our management system provides the framework for setting and reviewing objectives and targets.*

*Health, safety and environmental protection are responsibilities shared by everyone working for the company and the full support of all staff, partners and contractors is vital to the successful implementation of this Policy. We will ensure, as far as reasonably practicable, that all personnel are aware of their delegated health, safety and environmental responsibilities and are properly trained to undertake these.*

*Health, safety and environmental performance will be monitored and regularly reported to the Board of Directors of the company. Nautical Petroleum will ensure that the necessary resources are provided to support this Policy fully and seek continuous improvement in performance.*

*Steve Jenkins*

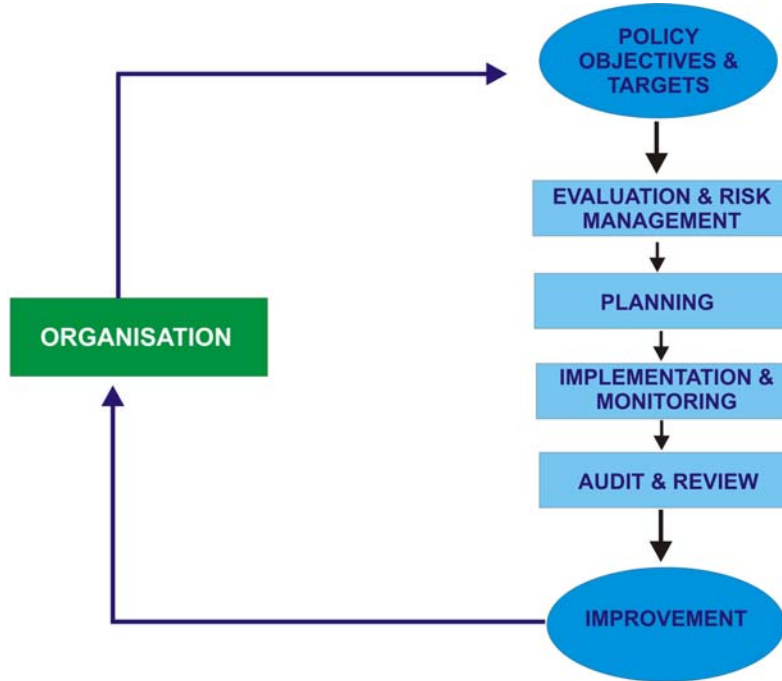
*Nautical Petroleum*

*September 2006*

Nautical management is committed to the successful implementation and operation of all aspects of the HSE MS throughout its activities.

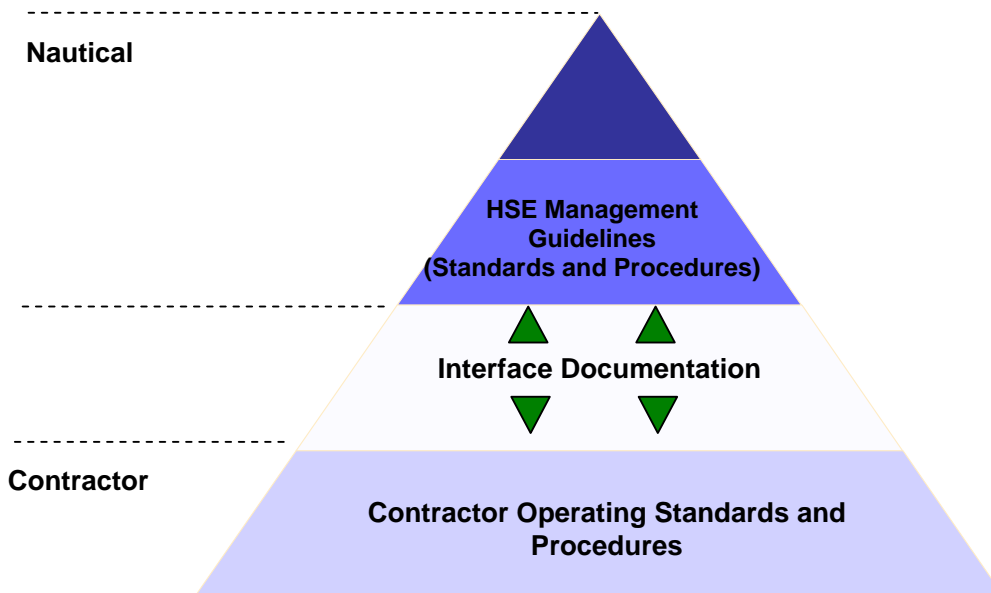
The HSE MS is structured in a typical quality control feedback loop (Figure 3) with a number of standard elements relevant throughout the business lifecycle from acquisition of new areas through to decommissioning of existing operations.

**Figure 3: HS&E Management System Framework**



The HSE MS provides a flexible management framework through which the company can systematically identify and manage its HSE risks and opportunities, accommodating individual operational complexities, changing legal and business requirements and the company’s commitment to continuous improvement. The key requirements of each element of the system are described in Figure 4.

**Figure 4: HSE Management System Structure**



## 4 2006 ENVIRONMENTAL REPORTING

### 4.1 2006 NAUTICAL OPERATIONS

The HSE MS is integrated fully into Nautical's business processes. On an annual basis the Company produces a plan, detailing the extent of its intended activity for the current year. Nautical Operations undertaken during 2006 are listed in Table 1.

**Table 1: 2006 Nautical Operations**

Activity	Description	DTi Reference
Site Survey – Kraken Well	Gardline Geosurvey Limited carried out a site survey of the Kraken location (Lat 59°55'51.515" N ; Long 01°16'03.392" E) on behalf of Nautical Petroleum in UKCS Block 9/2b; the object was to investigate the proposed location using echo sounder, sidescan sonar, pinger coring and high resolution seismic equipment. An environmental programme was also undertaken to identify potentially sensitive habitats protected under Annex 1 of the EU Habitats Directive, using digital stills. camera and video system. Survey undertaken from 24/6/06 – 4/7/06.	W/3630/2007
Site Survey – Mermaid Well	Gardline Geosurvey Limited carried out a site survey of the Mermaid location (Lat 59° 32' 33.507" N ; Long 001° 03' 58.483" E) on behalf of Nautical Petroleum in UKCS Block 9/11a; the object was to investigate the proposed location using echo sounder, sidescan sonar, pinger coring and high resolution seismic equipment. An environmental programme was also undertaken to identify potentially sensitive habitats protected under Annex 1 of the EU Habitats Directive, using digital stills. camera and video system. Survey undertaken from 27/6/06 – 1/7/06.	No reference

### 4.2 2006 ENVIRONMENTAL OBJECTIVES & TARGETS

A series of HSE objectives and targets were set and included in the annual plan. These have been set within the context of:

- Past performance;
- Assessment of risks associated with planned activities (annual risk assessments);
- Compliance with existing and future legislation, permits and consents;
- Meeting the commitments made in the HSE Policy and strategic objectives.

Given that Nautical's operations are largely consent driven, good environmental compliance and performance is largely a factor of ensuring that the Company obtains and maintains all of its permits and consents.

The key points of Nautical's 2006 Environmental Performance were:

- No environmental incidents or non-compliance issues.
- EMS verified according to OSPAR Recommendation 2003/5 by Lloyds Register.

A full listing of Nautical's 2006 Environmental Objectives and Targets are given overleaf.

Table 2: 2006 Environmental Objectives and Targets

Issue	Objective	Targets	Completion
Legislative and regulatory compliance	Permits and Consents - ensure full compliance	Ensure the Consents Register is updated on a regular basis.	Complete
	Ensure appropriate consultation held with regulators and key HSE stakeholders	Meet and consult with the appropriate bodies as required (DTi / JNCC / NFFO etc)	Complete
Management System	Environmental Management System	EMS verified according to OSPAR Recommendation 2003/5	Complete
	Review management system for continued effectiveness and relevance for operations	Complete a system review by year end.	System re-written in Sept 2006. Review scheduled for year end 2007
Risk Assessment	Ensure Risk Assessments are completed for all major activities.	Complete all Risk Assessments, Environmental Statements and Environmental Impact Assessments as required	Complete
Incident Reporting	Ensure all HSE related incidents and accidents are followed through to closure	Obtain records for all HSE incidents occurring on during operated activities	None occurred
Emergency Response	Update the Emergency Response procedures to reflect the increase in company operations	Test OSCP response, communications and arrangements as required	Ongoing
Training and Competence	Ensure adequate training and awareness of environmental sensitivities during each works phase.	All personnel will receive induction training appropriate to their needs. Ongoing awareness and training programmes developed.	Ongoing
Dispose of waste	All sources of waste will be identified and quantified. A waste management chain will be established.	Manage all waste disposal in accordance with regulatory requirements and industry best practices	Carried over for 2007
Emissions and discharges to the environment will be quantified and recorded	An analytical monitoring program should be established.	DTI EEMS programme to be implemented where appropriate	Carried over for 2007