

APA 2016 - Conditions Relating to HSE, Environmental Concerns and Fishery Interests

Conditions for the award, cf. item 4b in the announcement.

For blocks awarded in APA 2016, cf. item 3, second paragraph, conditions mentioned below shall apply. Please note that these conditions may be subject to changes.

General

When planning drilling activities, particular care must be taken with respect to fishery activities and marine organisms. Prior to exploration drilling, measures must be implemented to inform the parties concerned.

When planning seismic activities, the licensees must take particular care when designing the programmes with respect to fishery activities and marine organisms in critical life cycle stages.

Licensees are required to undertake necessary mappings of possible coral reefs and other important benthic communities, including important habitats for sandeels, that can be affected by petroleum activity in the awarded blocks. The licensees shall ensure that any such communities are not covered by mud or damaged by the petroleum activity. Special terms and conditions may be stipulated to avoid damage to coral reefs and important benthic communities. Refer to MAREANO [www.mareano.no] for information on identified coral reefs on the Norwegian Continental Shelf.

Licensees are required to map and report discoveries of wrecks and other cultural monuments that can be affected by petroleum activity in the awarded blocks and, in cooperation with cultural monument administration, ensure that possible cultural monuments are not damaged by the petroleum activity.

The operator shall, on behalf of the licensees, apply to the Norwegian Environment Agency (MDir) for a permit well in advance of planned activity.

In accordance with the zero discharge target as defined in Report to the Storting No. 28 (2010 - 2011) the main rule is zero discharge of environmentally harmful components to the sea. A further goal is to minimise the risk of environmental damage caused by discharge of other chemical substances. The zero discharge target applies to all offshore operations, both drilling and well operations, as well as production and discharges from pipelines. An overall assessment shall be made for each individual field, including relevant issues such as environmental consequences, safety-related matters, reservoir-related issues and issues relating to costs, in order to choose the most suitable measures to achieve the zero discharge target. As regards such an assessment of measures, reference is made to the impact assessment study mandated according to the Petroleum Act, as a part of the Plan for Development and Operation.

When there are specific plans to carry out drilling and well activities, requirements relating to contingency plans in the event of accidental oil spills will be stipulated in accordance with the Pollution Control Act and underlying regulations, as well as the HSE regulations. Consent to

conduct such operations is subject to emergency preparedness and other requirements. The scope and extent of such requirements will be determined in part by distance to the shoreline, proximity to environmentally sensitive areas and impact on other commercial interests. Current regulations require more comprehensive preparedness measures in the areas nearest to the coast, in the event of possible exploration and production activities.

In order to address any challenges, regardless of natural and/or operational conditions, the authorities have developed comprehensive HSE regulations, including safety and management requirements, in cooperation with business partners and the industry. To ensure responsible petroleum activity, it is important that relevant operational uncertainty and risk factors are well understood and safeguarded prior to any exploration drilling or development activity.

The operator shall, by means of risk analysis, cf. Regulations relating to management in the petroleum activities of 3 September 2001, identify the environmental assessments which form the basis for preparation of an oil spill contingency plan, cf. Regulations relating to execution of activities in the petroleum activities of 3 September 2001, and for implementing necessary measures to reduce risk. The analysis of environmental risks shall also include an evaluation of the effects of operational discharges during exploration drilling.

Pursuant to Report No. 38 to the Storting (2001-2002), it is expected that the industry will continue to contribute to the biological monitoring of living marine resources in order to map possible effects of the petroleum activity.

The Government sees a continued need to improve knowledge concerning the occurrence of seabirds in areas that can be affected by discharges from petroleum activities. It is expected that the industry will contribute to the monitoring of seabirds in the North Sea and Norwegian Sea in connection with the impact assessments accompanying potential plans for development and operation for new stand-alone developments in these areas.

A traffic separation system approved by the United Nations maritime organisation IMO has been established on the Norwegian Continental Shelf. In the event of petroleum activity in or close to the geographically fixed traffic separation systems, the licensees must clarify the planned activity with the Norwegian Coastal Administration well in advance in order to ensure maritime safety.

Special requirements for the North Sea

In the coastal zone from Stadt to Lista, the licensee shall assure actual capacity regarding coastal emergency preparedness and beach cleaning within a 25 km zone from the baseline, without that capacity being based on local and national emergency response resources. The risk-based approach of the HSE regulations implies that more comprehensive emergency preparedness may be required in coastal areas.

During certain periods of the year, active sandeel fishing takes place in parts of the pre-defined area, see map at <http://www.npd.no/tfo2016>. This applies to the following blocks: 2/2, 3 and 6, 3/1, 2, 3, 4 and 5, 4/1, 2 and 3, 5/1, 7/2, 3, 6 and 9, 8/1, 2, 3, 4, 5, 6, 7, and 9, 9/1, 2, 4, 5, 7, 8, 9, 11 and 12, 10/7, 8, 10, 11 and 12, 11/11 and 12, 16/11 and 12 and 30/5, 6, 8, 9, 11 and 12. Fishing for sandeel is regulated and locations where such fishing is allowed may vary within this area. In the event that some of these blocks are awarded, drilling restrictions

will apply during the time when fishing for sandeel takes place, from 1 April until 30 June. Information about which blocks this applies for in specific years can be obtained from the Directorate of Fisheries. Exploration drilling in and around a zone surrounding the sandeel fields must be implemented with minimal disturbance to spawning and without discharges of drill cuttings, to ensure that the quality of the sandeel fields does not suffer due to mud build-up from drilling activity. In the event of future developments of resources in this area, the licensees must use development solutions that entail the least possible alteration of the seabed in the sandeel fields.

The announced blocks in the North Sea include blocks which are rich fishery areas. These are blocks 26/10 and 11, 17/1, 2, 5, 6, 8, 10 and 11 and 8/1, 2, 4 and 5. Separate conditions may be set regarding fisheries in connection with potential awards in these blocks.

The extensive fishery activities in blocks 31/10 and 11 and 26/1, 2, 4, 5, 7 and 8 entail that permission to drill more than one exploration well at a time will not be granted. Subject to a specific evaluation of the fishery activities, permission for one additional exploration well may be granted.

In blocks 33/2 and 3 and 34/1 and 2 there is extensive industrial trawling in certain periods of the year. No exploration drilling will be allowed in these areas between 1 October and 31 March.

Special requirements for the Norwegian Sea

For Sklinna Bank, open part: (6509/9,12 and 6510/7,10)

- No exploration drilling in oil-bearing layers during spawning season (1 February – 1 June)
- No seismic surveys during spawning migration/in the spawning season (1 January–1 May).
- Use of technology to deal with drill cuttings and drilling mud on herring spawning grounds.
- Special measures to strengthen the oil spill emergency response system, including short response times.
- Given the risk-based approach of the health, safety and environment legislation, stricter requirements will apply in vulnerable areas to avoid damage.

For entrance to the Vestfjorden, open part: (6609/1,2,3 and 6610/1,2,3, 6611/1,2)

- No exploration drilling in oil-bearing layers during spawning season (1 February – 1 June)
- No exploration drilling in oil-bearing layers in the breeding and moulting seasons (1 March–31 August).
- No seismic surveys during spawning migration/in the spawning season (1 January–1 May).
- Special measures to strengthen the oil spill emergency response system, including short response times.
- Given the risk-based approach of the health, safety and environment legislation, stricter requirements will apply in vulnerable areas to avoid damage.

Remman and coastal zone, southern part: (6204/11)

- No exploration drilling in oil-bearing layers in the spawning season and breeding and moulting seasons (1 March–31 August).
- Special measures to strengthen the oil spill emergency response system, including short response times.
- Given the risk-based approach of the health, safety and environment legislation, stricter requirements will apply in vulnerable areas to avoid damage.

The Eggakanten area

Special follow-up of the following general requirements:

- New production licenses must conduct surveys to identify any coral reefs or other valuable benthic communities that may be affected by petroleum activities in the relevant blocks, and ensure that they are not damaged. Special conditions may be included in licenses to avoid damage.
- Given the risk-based approach of the health, safety and environment legislation, stricter requirements will apply in vulnerable areas to avoid damage.

The following conditions apply to other areas in the Norwegian Sea to be announced in APA 2016:

- No seismic surveys in the exploration phase to be carried out landward of the 500 meter depth contour in the period between 1 January and 1 April. This restriction does not apply to drill site surveys.
- No exploration drilling in oil-bearing layers between 1 April–15 June in blocks 6204/7, 8 inside 500 meter depth contour; quadrant 6305 inside 500 meter depth contour; quadrants 6306, 6407/2, 3, 5, 6, 8, 9, 11 and 12, 6508, 6509, 6510, 6608/3, 5, 6, 7, 8, 9, 10, 11 and 12, 6609, 6610 and 6611.
- No exploration drilling into oil-bearing layers during breeding and moulting seasons (1 April - 31 August) in blocks 6204/7, 8, 10, 11, 6306/6, 8, and 9.

In special areas with occurrence of vulnerable benthic fauna or key spawning grounds for bottom-spawning fish, requirements may be stipulated for use of technology to handle cuttings and drilling mud, in order to avoid mud build-up.

The authorities will take a flexible approach to the environmental and fisheries-related requirements.

Special requirements for the Barents Sea

The following conditions will apply for the announced blocks in the Barents Sea.

- Drilling in oil-bearing layers will not be permitted in areas closer than 50 km from the actual/observed Ice Edge in the period 15 December – 15 June.

Along the coast of Troms and Finnmark to the Russian border

- No exploration drilling will be permitted in oil-bearing layers in the zone 35–65 km from the baseline in the period 1 March–31 August.

Tromsøflaket

- No exploration drilling will be permitted in oil-bearing layers beyond 65 km in the period 1 March - 31 August.

The Eggakanten area

- Especially follow up the general requirement that new production licenses must map any coral reefs or other valuable benthic communities that can be affected by petroleum activities in the relevant blocks, and ensure that they are not damaged by the activity. In vulnerable areas, special conditions may be included in licenses to avoid damage.
- In blocks 7217/9 and 12, 7218/7, 8, 9, 10, 11 and 12 and 7219/7 and 10, which overlap the spawning grounds for haddock, acquisition of new seismic data and exploratory drilling are not allowed in oil-bearing layers in the period 1 - 31 March. This restriction does not apply to drill site surveys.