EXECUTIVE COUNCIL

CONFIDENTIAL

Title of Report: Review of the Environmental Impact Statement produced by Borders and Southern Petroleum Plc for offshore drilling

Paper No: 154/10

Date: 24 June 2010

Report of: Environmental Planning Officer/ Head of Policy

1.0 Purpose

1.1 To recommend approval procedures for an Environmental Impact Statement (EIS) submitted by Borders and Southern Petroleum Plc.

2.0 Recommendations

To recommend to Executive Council that:

(a) HE the Governor approves the EIS for exploration drilling prepared by Borders and Southern, subject to the submission of an Operational Addendum containing details of the drilling contractor, drilling unit, location and number of wells to be drilled, and dates of operation.

(b) That the external review of the EIS undertaken by the Scottish Association for Marine Science and the submissions from Falklands Conservation and the Department of Energy and Climate Change be made available to the public, together with Borders and Southern's response.

3.0 Summary of Financial Implications - none.

4.0 Background

4.1 Borders and Southern Petroleum were listed as a company on the Alternative Investment Market (AIM) of the London Stock Exchange in May 2005. Borders and Southern currently hold five licences for the production of oil and gas in the South Falklands Basin in license blocks PL018 - 22. Borders and Southern plan to drill two exploration wells (Darwin East and Stebbing) in the PL018 licence area. The proposed wells lie to the south of the Falkland Islands, the nearest being approximately 150 kms from the main islands. Beauchene Island lies 80 kms north north-west of the Darwin East well, with Sea Lion Island a further 50 kms in the same direction. Stebbing is approximately 125 kms from Beauchene Island and about 155 kms from Sea Lion Island.

4.2 The company submitted an Environmental Impact Statement (EIS) in February 2010 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.

5.0 Summary of the EIS

5.1 It is likely that the proposed exploration wells will be drilled using either a drill ship or a dynamically positioned (DP) 5-6th generation semi-submersible rig. It is proposed that the drilling will take place between Q4 2010 and Q2 2011, the programme will be finalised when a suitable rig has been secured. Operations at the well sites are expected to last up to 75 days and water-based muds will be used to drill the wells. Following drilling and evaluation, the wells will be plugged and abandoned.

5.2 All chemicals to be used during the drilling have been selected to minimise the potential environmental impacts as much as possible. The vast majority (by volume) of planned chemicals are naturally occurring products (e.g. barite) that are either biologically inert or readily dispersible or biodegradable. Other chemicals are selected based on drilling performance and environment acceptability to ensure low toxicity and high biodegradability.

5.3 The macrofauna and benthic environment of the proposed drill areas are characterised by low diversity in the echinoderms and a very high crustacean diversity. The overall faunal abundance and richness was identified as being quite high and consistent throughout.

5.4 While there are some significant fisheries interests to the northward of the licence area PL018, the proposed drilling locations do not contain interest for the key commercial target species. Similarly, the area is not considered to be of high sensitivity for cetaceans or of major significance for any of the recorded seabird species, although both may migrate through the area.

5.5 The results of the environmental impact assessment of the drilling programme indicate that there are potential impacts which relate to waste management.

5.6 The source of potential impacts include drill cutting disposal, the risk of large offshore and near-shore oil spills, international transfer of solid and hazardous wastes and use of resources (i.e. fuel and potable water) should they be sourced from the Falklands. All other sources of potential impacts were deemed to be of low significance.

5.7 The EIS tests three spill modelling scenarios for each well applying different metrological and ocean conditions:

- Constant 30 knot on-shore wind

- Typical weather conditions with prevailing current
- Typical weather conditions with atypical currents.

5.8 With a constant 30 knot on-shore wind the spill plume would make contact with the south coast of the Falkland Islands in about 70 hours (Darwin East) or 81 hours (Stebbing). However, data analysis suggests that it is very unlikely that the wind would blow in the required direction for anything like the required time. Under the other two scenarios the oil would disperse offshore and there would be a zero percent chance of the spill beaching. A well blow out in these conditions at the Darwin East well would reach Beauchene Islands after 33 hours. A blow out at the Stebbing well would reach Beauchene after 50 hours. However, under typical weather conditions the model shows that there would be a zero percent probability of the spill plume beaching on the Falkland Islands.

5.9 The EIS therefore concludes that it is not expected that a spill from either well would beach on the Falkland Islands or on any of the landmasses in the general area.

5.10 The potential impacts of the proposed drilling activity will be mitigated in a number of ways, including:

- Maintaining a spirit of openness and ongoing consultation with the Government, the public and key stakeholders.

- Applying international best practice and established UK standards to operations, particularly in offshore chemical use and emissions reporting (Environmental Emissions Monitoring System, EEMS).

- Using water based drilling muds and low toxicity chemicals approved under the UK Offshore Chemical Notification Scheme.

- Implementing a high level of environmental management offshore and applying environmental procedures for potentially impacting operations (chemical storage, bunkering, waste handling, maintenance programmes, seafloor surveys etc.).

- Establishing and implementing a project specific Oil Spill Contingency Plan and carrying out training of key personnel in spill response. Borders and Southern are a member of Oil Spill Response Ltd which provide outside assistance in the case of a major spill.

- Implementing a waste management plan to minimise the quantity of waste going to landfill, prevent unsuitable disposal of waste, maximise the re-use of materials and establish the Best Practicable Environmental Option for storage, treatment, transfer and disposal of waste materials.

- Collecting and sharing environmental data wherever possible, for example, in offshore sightings, seabed surveys and meteorological and oceanographic conditions.

5.11 The EIS concludes that, despite the high sensitivity and international importance of the Falkland Islands' waters, there is clear dedication to carrying out these operations to a high environmental standard. It goes on to state that "given the current operational commitments and proposed mitigation measures, it is considered that the proposed operations can be undertaken without significant impacts to the Falkland Islands' environment".

6.0 Review of the EIS

6.1 In order to enable an assessment of the quality of the EIS it was decided to engage an external reviewer. The previous EIS reviewed, that of BHP Billiton, was undertaken by the Scottish Association for Marine Science (SAMS) and SAMS was engaged again to review this EIS.

6.2 SAMS submitted its review in late April 2010 and a copy was duly sent to Borders and Southern. The consultants acting on behalf of Borders and Southern have made a full response to all the points raised by SAMS and also by others who have commented on the EIS.

6.3 In its review SAMS has made a number of comments which it believes, if accepted, would significantly improve the EIS. Some of these concern typos and other corrections, including the use of correct scientific names and geographical features, and provides examples of how the EIS could be improved. The majority of these comments have been accepted by Borders and Southern and will be corrected in future EIS submissions.

6.4 The following section highlights the key areas commented upon by SAMS, and the response by Borders and Southern.

Seabed sediment

6.5 SAMS had concerns about the testing methodology employed to assess surface sediment on the seabed. The concerns are over getting representative samples which might accurately reflect chemical composition of the sediments. This may have implications for baseline monitoring and resultant build-up of metals as a result of mineral extraction.

6.6 Borders and Southern acknowledge the minor methodological challenges involved and acknowledged that metal deposits may have been misrepresented. Borders and Southern are going to re-evaluate cadmium levels in particular.

Oceanography

6.7 SAMS question the information provided concerning wave heights in the prospective exploration area. Borders and Southern acknowledge that an error is made in the EIS over wave heights. Average wave heights in the PLO18 license block equate to 2 to 3 metres. This height was initially incorrectly described as the maximum wave height.

6.8 There are many minor scientific inaccuracies which SAMS highlight in the oceanography and biological environment sections of the EIS. The vast majority of these inaccuracies are accepted and amended by Borders and Southern in their response to SAMS review.

Fish, squid and shellfish

6.9 SAMS question the lack of data or review of fish species found in the license area other than those that are commercial species. Borders and Southern make a brief amendment to this aspect of the EIS siting a study by Coggan (2006). They also suggest data is lacking for non commercial fish species in Falklands, which is a fair estimation of the literature. Borders and Southern acknowledge the lack of information but suggest that if commercial development of oil were to go ahead then 'trawl and zooplankton surveys will be considered to assess the occurrence of non-commercial finfish or shellfish over the well locations'.

6.10 SAMS criticise the absence of information concerning telemetry studies which have been conducted on the three seal species that breed in the Falkland Islands.

6.11 Borders and Southern make a brief assessment of telemetry studies conducted on fur seals in the Falkland Islands. This is a fairly basic response – but given the distance from the coast this is unlikely to be a sensitive factor. If development of hydrocarbons were to take place then a full assessment of potential impacts on seal species would be required.

6.12 SAMS also criticise the interpretation of cetacean habitat preferences made in the EIS concerning the likely under-sighting of whales and dolphins in surveys of the region.

6.13 Borders and Southern comment that the impacts of drilling, while of high risk to cetaceans, is very localised and will have minimal impact as a result.

Seabird Vulnerability

6.14 SAMS notes that the EIS draws heavily on published data, notably a study by White et al. in 2002. This study relied on the use of Falklands fishery patrols vessels as bases for observers but, as SAMS point out, the location of transects are skewed both spatially and temporally towards the western and southern areas of the Falklands EEZ. This is because most of the fishing takes place in this region. The result of this is that much of the area proposed for exploration has had very little survey work carried out.

6.15 SAMS also point out that, in relation to penguin information, at-sea survey observations are very difficult due to the short time they spend on the surface when foraging and the difficultly of observing birds in even a moderate sea state. Therefore this should not be seen as a comprehensive method of distribution assessment for penguins.

6.16 In its response Borders and Southern notes the short-comings of the data sources used in the EIS. Due to the short drilling time and low spill risk associated with this project, it considers that impacts arising as a result of the exploration will be short-term and will ultimately have a negligible impact on the environmental characteristics of the area. It also points out that an addendum to the EIS will be produced detailing the impacts relating to the proposed drilling months for the exploration wells.

Satellite Telemetry and Geolocation Studies

6.17 SAMS report that the EIS has not taken into account any satellite telemetry or geolocation studies that have been conducted on seabirds that breed in the Falkland Islands (such as King Penguin, Gentoo Penguin, Rockhopper Penguin, Black-browed Albatross and Falkland Skua). A pooled assessment of observation and satellite data would give the maps in section 5.2.10 considerably more validity.

6.18 In its response Borders and Southern has conducted and submitted an additional review of relevant literature. Where possible within the EIS Addendum, data on seabird vulnerability will be supplemented with available data from the various satellite and geolocation tracking devices that have been undertaken in the Falkland Islands.

Social and Economic Environment

6.19 SAMs has drawn attention to the distribution of fish catches for commercial fishery species which are not addressed by Borders and Southern in the EIS. Unfortunately the catch maps are not overlaid with bathymetric or any other data which might explain this.

6.20 An assessment of potential spill pathways on aquaculture interests in the Falklands is highlighted by SAMS as missing from the EIS.

6.21 In its response Borders and Southern state that they will include the recommended fishery statistics in the EIS addendum.

6.22 Borders and Southern suggest that aquaculture interests are located in inshore areas and therefore the potential for impact from a spill is negligible. Recommendations related to the protection of onshore sensitive resources will be covered in the Oil Spill Contingency Plan.

Deposition of drill cuttings

6.23 SAMS state that the drilling cutting deposition modelling produced by Borders and Southern indicates that deposition occurs in a north easterly direction where the environmental benthic survey did not sample at the North-East corner due to the water depth in the area. It is considered bad practice to conduct a survey but not have samples where impact is possible.

6.24 Borders and Southern consider their sampling adequate and state that no sensitive habitats or features of conservational importance were recorded (i.e. cold water corals, geological or biogenic reefs, or gas escape features with authigenic structures). Borders and Southern also note that the survey area encompasses the locations of the two planned wells. The drill cuttings modelling demonstrated that the thickness of cuttings on the seabed would not exceed 0.5mm in the North-Eastern corner of the survey area. Various studies have shown that impacts from smothering occur where the depth of cuttings is one millimetre or more. Indeed, although some of the finer particles may well be distributed further afield, these particles will be very fine and so widely dispersed as to be virtually undetectable as indicated by the model.

6.25 The deposition of drill cuttings current modelling is questioned by SAMS. A worst-case scenario is made by Borders and Southern within this section of the EIS which satisfies the lack of data on current speed and direction.

Identification of interactions

6.26 The impact of a major loss of containment is sited as being of potential minor impact on marine mammals in this section of the EIS. This is contested by SAMS.

6.27 Borders and Southern agree with comment and have increased the rating to moderate. Seasonal data will also be included in the operational addendum.

Noise and Vibration

6.28 SAMS challenges the methodology used in ascertaining the spread of noise from the drilling operation underwater, suggesting Borders and Southern use a less than conservative approach.

6.29 Borders and Southern contest this claim, suggesting the impacts of drilling are minimal and the operation will have negligible localised effects on species in the area of drilling.

Oil Spill Modelling

6.30 SAMS note that the oil spill modelling has been only been attempted using worst case scenario data and think that, while there is some justification for this, it would have been useful to see what would have been predicted had the real current data been used. SAMS also comment that the authors make much of the statistics on major oil well blow-outs and consider that this is a justifiable approach but more could have been written concerning the precise steps that will be taken to ensure that best practices are adhered to in the construction and operation of these specific wells.

6.31 In response, Borders and Southern state that a comprehensive series of trajectory (unlikely worst case) and stochastic (under typical weather conditions (wind rose and measured surface currents)) modelling simulations were undertaken to establish the worst case and likely trajectories of resultant

spill plumes from the Darwin East and Stebbing well locations and that statistics were provided for both major and minor spills. The construction and operations measures for the wells are covered in the Operational Design and Management Plan (which SAMS reviewers would not have seen).

Benthic Sampling and Data Analysis

6.32 SAMS have some concerns about the technical details of aspects of the data analysis of benthic samples taken from the PLO18 license area.

6.33 Borders and Southern argue that the range of data collected satisfies the need to analyse a range of different habitats to gain a regional baseline of the area. Borders and Southern relate their sampling to that completed by BHP and suggest they got very similar results but have produced more baseline information.

Macrofaunal Community Analysis

6.34 SAMS question the methodology behind the sampling programme used in assessing macrofaunal communities. While Borders and Southern agree this is a problematic issue over scientific practise they claim that a larger number of the samples can be justified than SAMS give credit for in their review.

Sensitive Seabed Features

6.35 The possible presence of cold water coral reef structures (such as those of the species Lophelia) in the prospective drill site is raised by SAMS as a matter of concern. SAMS feel that more survey work could have been undertaken to ascertain if these sensitive species are present at the drill sites.

6.36 While Borders and Southern agree that there is the potential for impact on Lophelia reefs, they reiterate that there was no clear evidence as a result of surveys to show these reefs as present on the seabed.

7.0 Public Consultation

7.1 The EIS was placed on deposit for 42 days during February and March 2010. Two comments were received – one from Falklands Conservation (FC) and one from the Department of Energy and Climate Change (DECC).

7.2 The points made by FC are:

- Generally the EIS is well structured and many thematic areas have been well scoped and adequately addressed. However, several key sections remain incomplete, making it difficult to assess the potential project impact, particularly as it relates to birds.

- A thorough assessment is not possible until the timings of the operation are known, as the associated risks to bird populations will vary considerably

by season. FC also notes that the Oil Pollution Emergency Plan (OPEP) and Emergency Response Plan (ERP) have yet to be finalised.

- Without the Addendum to the EIS specifying the timing of the project, plus the OPEP and ERP being submitted, FC does not believe that the EIS fulfils the obligations regarding EIAs in accordance with the Offshore Minerals Ordinance 1994.

- Baseline biodiversity information - there has been no specific research or monitoring carried out related to this particular project. Much of the information used in preparing this EIS has been taken from the FC/JNCC Seabirds at Sea databases, which provide data at a broad-scale and insufficient detail to assess the absolute abundance of species or the timing with which they use particular marine areas. Further research to determine actual abundance, patterns of movement and resource utilization for vulnerable wildlife species (including seabirds and marine mammals) would be desirable.

- Analysis of impacts – looking at the JNCC maps with spill plume modelling suggests that the proposed drilling schedule of between Q4 2010 and Q2 2011 coincides with the most sensitive period of seabird vulnerability.

- Mitigation Measures - at this time, a lack of detail regarding Borders & Southern PLC's proposed methods of minimising the likelihood of spill events and mitigating any spills that might occur preclude us from commenting on whether or not these risks have been reduced to an acceptable level.

7.3 By way of reply, Borders and Southern have responded to these comments as detailed below:

- Baseline Biodiversity Information - Borders and Southern acknowledge there is a lack of detailed data available from research or monitoring for the Southern Falklands. The EIS submission draws on 2 years of data for seabirds at Sea, MMO data from the seismic programs and the benthic baseline survey that was commissioned. Following discussions with FC, it was noted that an additional year of unpublished JNCC seabird data for the South Falkland was available and this would be included in a more detailed assessment of seasonal impacts in the EIS Addendum when timings have been confirmed.

- Analysis of impacts - Borders and Southern would be able to provide a seasonal overview of impacts on birds in the Addendum. As far as mitigation measures are concerned, these will be covered in the Oil Spill Contingency Plan (OSCP). In line with the discussions held with Falklands Conservation, Borders and Southern will ensure that seabird vulnerability maps are cross referenced and overlapped onto oil spill modelling results to ensure that potential interactions or impacts are clearly presented in the OSCP.

- Mitigation Measures - Borders and Southern will manage its own drilling activities and is responsible for well planning and operations. Prior to contracting a rig, Borders and Southern will ensure that the rig is fit for purpose so as to prevent pollution to the environment and harm to personnel.

  As an operator of offshore operations, Borders and Southern is responsible for putting in place an approved OSCP. Specific responsibilities include response and cleanup of spills from Borders and Southern operated facilities, liaison with government authorities and in the event of spills of more than100 barrels, co-operation with the Falklands Islands Government (FIG) in a joint Incident Command Centre.

  In addition, Borders and Southern has a contractual agreement with Oil Spill Response (OSR) to provide assistance in responding to an oil spill in the Falklands. OSR is retained to provide an effective Tier 2 and Tier 3 Oil Spill Response to support Borders and Southern. Should an active response be required, OSR will work with the Borders and Southern Emergency Management Team, the Drilling Contractor's Emergency Response Team (ERT), and the Falklands Islands Incident Command Team (if activated by the government) to provide services and equipment in the field as required. Borders and Sothern will assume financial responsibility for any oil spill clean-up resulting from operations on their behalf.

  Borders and Southern will submit an Oil Spill Contingency Plan with the EIS Addendum at the appropriate time.

7.4 The comments made by DECC with responses from Borders and Southern are summarised thus:

- ***Alternatives to proposed drilling programme*** (page 3-1. Section 3). DECC would like to commend the author on providing this section. However, for future submissions, the conclusions relating to the proposed development options should be fully discussed and summarised in a tabular format.

  Borders & Southern acknowledge that proposed development options should be fully discussed, summarized and tabulated. However, this was not seen as a priority for an exploration drilling programme as detailed options assessments are more commonly carried for complex development projects such as for the upgrading or installation of new production facilities.

- ***Drilling schedule*** (page 4-2. Section 4.3). DECC appreciates that Borders & Southern Petroleum plc have yet to secure a rig or drill-ship for the proposed works, and an assessment of the seasonal variation in bird and cetacean sensitivity has not therefore been considered in the impact assessment. Once dates have been finalised, it would be beneficial to provide a more focused assessment.

Borders & Southern agrees with this recommendation and will provide a detailed assessment of seasonal impacts in the EIS Addendum.

- ***Drilling rig*** (page 4-3. Section 4.4.3). DECC understands that a semi-submersible is the preferred option. Nevertheless, an assessment of the impacts for each option should be addressed.

  Borders and Southern has responded that a generic description of impacts have been provided for both options within the EIS. MODU vary in design and until any specific drilling rig/ship is selected it is not possible to provide a more detailed assessment. The detailed impact of the selected drilling unit will be included in the EIS Addendum.

- ***Benthic Fauna*** (page 5-23. Section 5.2.3). DECC would like to commend the author on this section. The benthic survey has been well utilised to define the benthic fauna and fauna of the area, which have been clearly and concisely described. However, although not essential, it would have been useful if the recent survey data had been cross-referenced with already published data, to gain a more comprehensive understanding of the area.

  In response, Borders and Southern has said that the full text of the Benthic Survey Report is provided in the EIS and cross references data from 2009 BHP survey, 1998 Gardline survey and other regional survey data.

- ***Fish*** (page 5-56. Section 5.2.4 and 6.6.2). Although there are references to fishing spawning data, there is clearly a need to undertake surveys to determine the potential for fish spawning in the vicinity of any proposed oil and gas operations in this general area. In the case of this particular application, it is difficult to determine if the proposed drilling activities are in the vicinity of fish spawning areas, or if this is a relevant factor at the time of the proposed operations. Despite that omission, DECC considers that any noise or vibration impacts on fish spawning are likely to be negligible, and that impacts from drill cuttings deposition would also be unlikely to be significant.

  In response, Borders and Southern has said that *ichthyoplankton* surveys were not necessary for exploration drilling in the Falkland Islands waters as the impacts on fish spawning were envisaged to be insignificant, particularly due to the limited duration of the exploration programme. However, if a development situation occurs *ichthyoplankton* data collection will be considered to provide data on the occurrence fish spawning over the proposed development location.

- ***Cetaceans*** (page 5-38. Section 5.2.8 and 6.6.3). DECC believes that the baseline information regarding cetacean species in the vicinity of the well is sufficient for the level of assessment required to determine potential impacts on relevant species. However, there are more up-to-date sources of data available, which identify the species that potentially use the area,

although it appears that there is little information regarding population data. The EIS does not include any noise propagation modelling, which would have provided further reassurance in relation to the overall assessment, but based on the evidence provided, experience in other areas of the world, the proposed mitigation measures and the short duration of drilling activity, it is considered unlikely that any cetaceans would be significantly impacted by the proposed operations. For future submissions, it would also be useful to compare the recent MMO data with previous data, to see if it is comparable.

In response, Borders and Southern has said that noise propagation modelling was not included in the EIS, however a reference was made to the published modelling results for similar exploration activities (Section 6.6.1), which was deemed sufficient for impact assessment purposes. It was concluded that the impacts from the underwater noise would be insignificant due to low susceptibility of cetaceans to drilling noise compared to seismic noise. In addition, the duration of the drilling programme is short (75 days for both wells) to have any prolonged disturbance for area-specific cetacean species.

The MMO data collected during surveys initiated by Borders and Southern and by BHP is provided in the EIS. A wider survey data by JNCC was also discussed in detail.

- ***Seabirds*** (page 5-43. Section 5.2.9 and 6.6.5). DECC notes that the EIS draws heavily on published data, but is content that this is sufficient for the purposes of the EIS. DECC agrees with the conclusion that any impacts on seabirds will be negligible with respect to the operations proposed.

  In response, Borders and Southern has said that the EIS submission draws on 2 years of seabird survey data. Following discussions with Falklands Conservation, it was noted that an additional year of published data is available and this would be included in a more detailed assessment of seasonal impacts in the EIS Addendum.

- ***Seabed disturbance*** (page 6-4. Section 6.5). Although an attempt has been made to assess seabed impacts from potential anchoring, it is best practice to quantify such impacts in terms of the area of seabed affected.

  In response, Borders and Southern has said that it intends to utilise a DP vessel. However if an anchored vessel is selected Borders and Southern agrees that it will provide a detailed assessment of anchoring impacts in the EIS Addendum.

8. Review Conclusion

8.1 Unlike previous reviews undertaken by the Institute for Environmental Management (IEMA), SAMS has not graded the individual sections of the EIS to provide the reader with an indication of the quality of the documentation. However, a direct comparison with the last EIS considered by Committee (that

produced by BHP Billiton and also reviewed by SAMS) is possible. Overall SAMS comments indicate that in general, the Borders and Southern EIS is an improvement on that produced by BHP (although areas remain which could be developed further – such as full assessment of impact on the environment through improved data collection).

8.2 SAMS identified a number of deficiencies in the EIS which Borders and Southern has sought to deal with by way with a commitment to produce an Addendum to flesh out outstanding details, such as the type of rig to be procured, the time of year that the activity that will take place and the number and location of wells proposed.. These actions should raise the document above acceptable minimum standards.

8.3 The key question is whether the external review undertaken by SAMS or comments received from third parties have identified any critical concerns that should preclude the proposed drilling from going ahead at the present time. Although there are gaps in the environmental baseline data I have seen nothing to indicate that the immediate environment around the proposed drilling locations, the wildlife present in these areas or passing through or indeed the wider environment (e.g. the Falkland Islands) is under any particular threats arising from the proposed drilling operations. On this basis, and subject to the production of a satisfactory Addendum, I recommend that the EIS be approved.

9. Mineral Resources Committee

9.1 At its meeting on 8 June 2010 the Minerals Resources Committee considered the EIS, public comments received and the external review undertaken by SAMS.

9.2 Members were broadly content with both the Review and response from Borders and Southern, recognising that the Operational Addendum should address any outstanding issues.

10. Next steps

10.1 I recommend that HE the Governor approves the EIS for exploration drilling prepared by Borders and Southern 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.

10.2 It is further recommended that the external review undertaken by the Scottish Association for Marine Science and the submissions from other parties (in this case Falklands Conservation and the Department of Energy and Climate Change) be made available to the public, together with Borders and Southern response, as has happened with previous Environmental Impact Statements.

11. Financial Implications - None

12. Legal Implications - None

13. Human Resources Implications - None