

# EXECUTIVE COUNCIL

## CONFIDENTIAL

**Title:** BHP Billiton: Oil Spill Contingency Plan

**Paper No:** 72/10

**Date:** 25 March 2010

**Report of:** Director of Mineral Resources

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### **1. Purpose**

- 1.1 The purpose of this paper is to seek approval of the Governor in Executive Council to an Oil Spill Contingency Plan submitted by BHP Billiton Petroleum (Falklands) Corporation.

### **2. Recommendation**

- 2.1 Honourable Members are advised to recommend to the Governor that he approves the Oil Spill Contingency Plan submitted by BHP Billiton Petroleum (Falklands) Corporation under the terms of their licence in relation to drilling an exploration well in the South Falkland Basin.

### **3. Summary of Financial Implications**

- 3.1 None.

### **4. Background**

- 4.1 Production licences under the Offshore Minerals Ordinance 1994 and Offshore Petroleum (Licensing) Regulations 1995, set out in Schedule 6, a requirement for the licensee to obtain the approval of the Governor to an Oil Spill Contingency Plan (OSCP) before undertaking any licensed activity (excluding seismic surveying).
- 4.2 BHP Billiton (Falklands) Corporation (BHPB) has submitted an OSCP to the Falkland Islands Government (FIG) for approval. BHPB plan to drill one exploration well in their licensed blocks in the South Falkland Basin starting in mid April. The plan has been reviewed by the Director of Natural Resources, the

lead department on oil spill response, the Environmental Planning Officer and Falklands Conservation.

The documents are similar to those submitted by Desire Petroleum plc and Rockhopper Exploration plc and have been prepared by the same company, RPS Energy. A number of points raised in the previous plans have been incorporated in BHPB's documents.

4.3 The Environmental Planning Officer has observed that the Onshore Plan is very similar to that produced already by RPS for Desire and Rockhopper. With regard to the Offshore Plan he notes that some sections have been strengthened (e.g. pp 13 – 16 and pp 18 – 21), in particular that BHPB has acquired access to additional external assistance in the event of a Tier 2 or 3 incident from Clean Caribbean and Americas; Petrobas and O'Briens Group and also the Sea Alarm Foundation and International Bird Rescue Research Centre. He states that this is clearly to be welcomed.

4.4 Comments by Falklands Conservation.  
(Comments from Falklands Conservation in italics)

- i. 12.3 Oiled Wildlife response: Page 16  
In the event of a large Tier 2/3 incident, where the possibility of encountering oiled wildlife exists, the Falkland Islands Government (FIG) have made provisions for responding to oiled wildlife in the National Oil Spill Contingency Plan (NOSCP). *(These provisions refer to the Oiled Wildlife Plan that has been drafted by FC and FIG Veterinary Department to respond to oiled wildlife within reasonable logistical parameters i.e. in the vicinity of the North East coast of East Falklands - where risk of oil spill is highest due to shipping around Stanley/ Berkeley Sound).*
- ii. *The oiled wildlife plan stipulates “This plan is not aimed at delivering a response for an oil spill resulting from the current oil exploration industry in the Falkland Economic Exclusion Zone, but may be considered as a join-up document to any Island Wide Oil Spill Response by the oil operators that should subsequently be developed.”*
- iii. In the NOSCP, Falklands Conservation is identified as having primacy over response to oiled wildlife arising from oil spill incidents *(within reasonable logistical parameters, beyond this a governmental-oil operator response would be required)*. It is recognised by BHPB that the resources available to Falklands Conservation may be stretched in the unlikely event of a large Tier 2/3 oil pollution incident. *FC cannot reasonably be expected to lead on Tier 1/2/3 level spills at either Sea Lion Island or Beauchêne Island.*
- iv. *It should be recognised that any attempts to respond to an oil spill at Sea Lion Island or Beauchêne Island would pose considerable logistical difficulties and be classified as beyond that of reasonable parameters.*

*In the event of a tier 1/ 2/ 3 oil spill effecting Sea Lion or Beauchêne Falklands Conservation would be able to respond in the **capacity of advice / assistance in surveys and monitoring and advice in assessing what level of response (if any) could be initiated if oiled wildlife was involved.***

- v. *In the event of an oiled wildlife response to Sea Lion Island or Beauchêne inter-governmental departmental assistance would be required (FIGAS, FISHOPS, etc, which potentially may be earmarked for other more urgent roles during the spill). And although the assistance of experienced personnel from OSR, Sea Alarm Foundation and IBRRC can be mobilised by BHP Billiton, if the government / operator cannot provide the adequate resources i.e. (boats, helicopters etc) for an oiled wildlife response occurring at remote locations such as Sea Lion Island or Beauchêne then this support becomes obsolete.*
  - vi. To this end, BHPB have access to wildlife response contractors that can be mobilised to assist the wildlife response efforts of Falklands Conservation. However, these contractors would be mobilised to complement the efforts of FIG and Falklands Conservation and at all times, FIG and Falklands Conservation would have primacy over the management of any oiled wildlife response. The following contractors are available to BHPB to provide assistance with oiled wildlife response:
  - vii. *FC request that this section “ - 12.3 Oiled Wildlife response” is reworded to make it clear that FC cannot take the primacy of a tier 2/ 3 oil spill or tier 1 in remote and logistically challenging locations. FC will provide support and assist to full capacity under its current resources and remit (documented in the Oiled Wildlife Plan).  
The OWP is due to be presented at the Environmental Committee in March for approval.*
  - viii. BHPB’s environmental consultant has responded that the company understands FC’s position with regard to oiled penguins and has agreed to reword section 12.3 as requested.
- 4.5 The Mineral Resources Committee discussed the plans at a meeting held on 11 March and recommended that the plans should be forwarded to Executive Council for approval.

## **5. Financial Implications**

5.1 None

## **6. Legal Implications**

6.1 None

**7. Human Resources Implications**

7.1 None

Attachments:

- 1 .Falklands Basin Oil Spill Contingency Plan: Offshore Response Procedures – Appendix A Toroa Exploration well.
2. Falklands Basin Oil Spill Contingency Plan: Onshore Response Procedures including Guidelines to Oil Spill Response.