

reachexploration

**Environmental Management System
Public Statement - 2006**

Rev 01 May 2007

**Reach Exploration (North Sea) Limited,
Banchory Business Centre, Banchory,
Aberdeenshire AB31 5ZU.**

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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 Reach Exploration (North Sea) Limited annual public environmental statement for 2006 in relation to UKCS OSPAR reporting.

2 REACH EXPLORATION (NORTH SEA) LIMITED

Reach Exploration (North Sea) Limited ('Reach') was established in 2002 and awarded its first licence that year in the 20th Round. Since then the company has built an exciting portfolio of development, appraisal and exploration opportunities and has been one of the most successful applicants in recent UKCS Licensing Rounds.

Reach generally takes a non-operating role in these licences once activity is underway. This has enabled Reach to focus on pursuing new opportunities and the company now holds interests in 25 blocks held as 17 Licences. Reach works with strong partners that include Petro-Canada, Premier Oil, Talisman, and Marathon.

3 THE ENVIRONMENTAL MANAGEMENT SYSTEM

Reach has developed and implemented an integrated Health, Safety and Environment Management System (HS&E MS) to ensure that all of its activities are managed in a safe, responsible, efficient and effective manner. The HS&E MS ensures that all Reach's activities are managed in accordance with the Company's HS&E Policy which is given in Figure 1.

The scope of the HS&E MS extends to all of Reach UK operations both onshore and offshore. Specifically this includes:

- The Banchory office;
- Temporary offshore operations, e.g. drilling rig and survey/support vessels;

The structure and content of the HS&E 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 1: Reach Exploration (North Sea) Limited HS&E Policy

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Protection of the health and safety of our employees, all those affected by our business and the protection of the environment, are critical to the overall success of our company and command equal prominence with other business considerations in the decision making process.

Reach Exploration (North Sea) Limited have defining policies that have been developed from the best practices of other leaders in the field. The Company expects that its suppliers and partners share the same values and objectives.

It is Reach Exploration's objective to comply with all applicable legal and other requirements. This Policy is available to the public on request from the Company's Head Office in Banchory, Aberdeenshire, UK.

Environmental Policy
It is the Company's policy not to damage the environment through its activities, and we will:

- Minimise the environmental impact of our activities,
- Foster open communication on our environmental performance,
- Systematically manage environmental performance,
- Continuously improve the total environmental performance.

Safety Policy
Reach Exploration's philosophy and policy on safety is that:


- All injuries and occupational illnesses are preventable,
- All operating exposures can be controlled,
- Working safely is a condition of employment,
- Employees must receive safety training,
- Safety performance must be audited,
- All deficiencies must be corrected promptly,
- People are the most important element in an effective safety, health and environmental programme,
- Off-the-job safety is an important part of the safety effort,
- And last but not least, safety is good business.

Health Policy
The Company's occupational health programme shall protect employees from health hazards that may be associated with the Company's work and the working environment. The Company shall be active in health promotion, aiming at preventing health risks associated with the general living environment and life style. The Company's policy on health is to ensure:

- A good working environment for the employee
- Clear personnel policy in relation to health
- The avoidance of any illnesses which can be related to the work performed

As an operator, the Company will verify that all contractor personnel have adequate health organisations supporting their activity.

HSE performance will be routinely monitored and reported regularly to the Board of Directors of the Company, who will ensure that the necessary resources are provided to support this Policy fully.

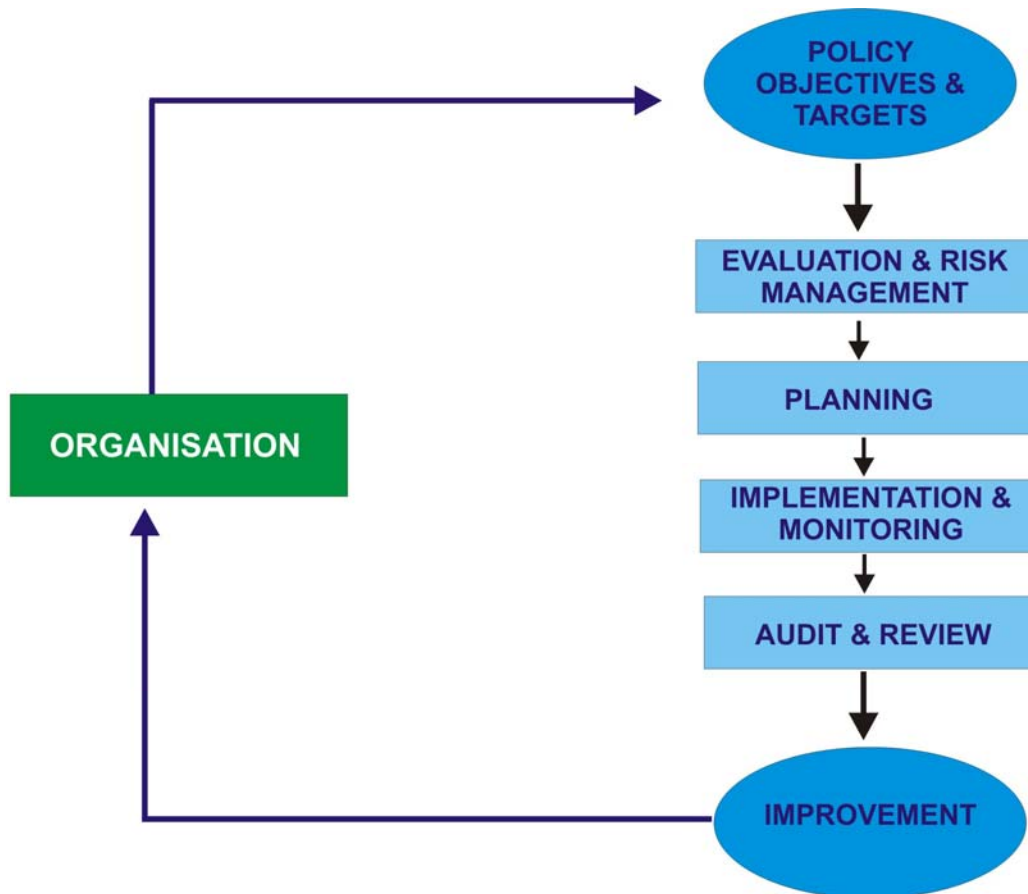
Managing Director: 

Date: 30th August 2006 Review Date: 30th August 2007

The Reach management team are committed to the successful implementation and operation of all aspects of the HS&E MS throughout its activities.

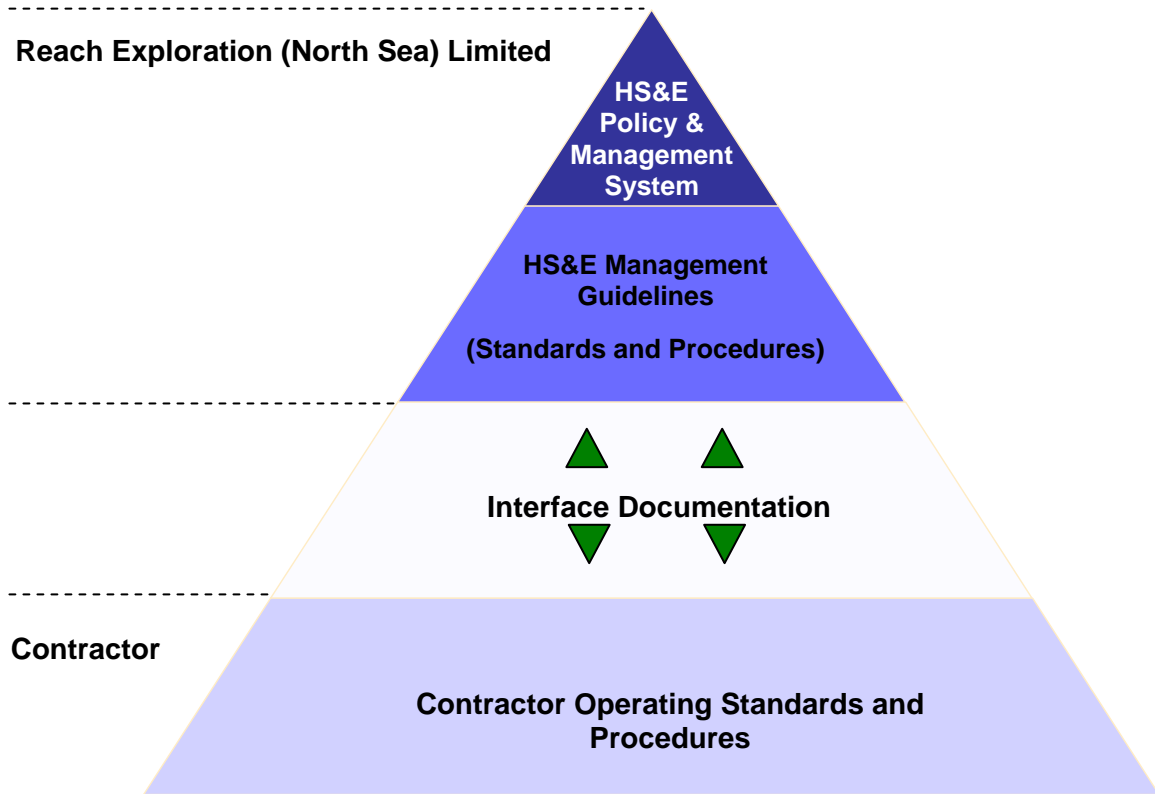
The HS&E MS is structured in a typical quality control feedback loop (Figure 2) with a number of standard elements relevant throughout the business lifecycle from acquisition of new areas through to decommissioning of existing operations.

Figure 2 HS&E Management System Framework



The HS&E MS provides a flexible management framework through which the company can systematically identify and manage its HS&E 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 3.

Figure 3: HS&E Management System Structure



4 2006 ENVIRONMENTAL REPORTING

4.1 2006 REACH OPERATIONS

The HS&E MS is integrated fully into Reach business processes. On an annual basis the Company produces a plan, detailing the extent of its intended activity for the current year. Reach offshore operations what were undertaken during 2006 are listed in Table 1.

Table 1: 2006 Reach Operations

Activity	Description	DTi Reference
2D seismic operations with Gardline vessel MV Sea Surveyor, Block 11/28	Arrival at location 01:30hrs 10-Dec-2006. Passage to Aberdeen at end survey commenced at 08:10hrs 18-Dec-2006	Not applicable: Survey was within Moray Firth (Ref 1222) therefore falls outside the remit of the Offshore Petroleum Activities (Conservation of habitats) Regulations 2001. Conditions for the survey were therefore set by Scottish Executive, which were fully met by Reach.

4.2 2006 ENVIRONMENTAL OBJECTIVES & TARGETS

A series of HS&E 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 HS&E Policy and strategic objectives.

Given that Reach'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 Reach's 2006 Environmental Performance were:

- No environmental incidents (i.e. no hydrocarbon or chemicals spills).
- All environmental permits and consents obtained in time.
- No non-compliance issues with existing permits and consents.
- EMS verified according to OSPAR Recommendation 2003/5 by Lloyds Register.

A full listing of Reach'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	Consult with the appropriate bodies as required, including Scottish Natural Heritage (SNH), JNCC	Complete
	Ensure full compliance.	PON14A Approval	Not required, although 'application' and conditions agreed with Scottish Executive.
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 written in September 06. Scheduled for 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	No update required. Carried over
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 to be developed.	Carried over