



Falkland Islands Government

Department of Mineral Resources

Newsletter - October 2011

CHC Helicopters based at Stanley Airport

New helicopter operators for the oil and gas industry CHC Helicopters have set up their base of operations at Stanley Airport.

The new helicopters operating in the Falkland Islands are both Eurocopter Super Puma AS332 L2 models. These helicopters offer extended range and greater carrying capacity compared to the previously used Sikorsky helicopters operated by British International. They also now have the capability of conducting their own Search and Rescue (SAR) operations; this will allow CHC to operate independently of Military SAR cover, increasing their operational flexibility.



*The new CHC hangar at Stanley Airport
Photo Copyright Sam Cockwell*

CHC will remain based at Stanley Airport for the remainder of their operations in the Falkland Islands. They have recently constructed a hangar there to house these airframes, with facilities for mechanics and office space.



*CHC Super Puma at Stanley Airport
Photo Copyright Alan Henry*

Sea Lion Appraisal

Since the last newsletter Rockhopper exploration has completed a further three wells on the Sea Lion prospect.



The Ocean Guardian Photo courtesy Diamond Drilling

The first of these wells was 14/10-5, which was drilled to a total depth of 2726.4m and encountered a good hydrocarbon-bearing sand interval of 86m(net). This interval was then tested using a down-hole Electric Submersible Pump (ESP) and Vacuum Insulated Tubing (VIT). These technologies known as enhanced recovery devices, used together maintained flow at a sustainable rate of 5508 standard barrels of oil per day; and peaked at a maximum rate of 9036 barrels of oil per day. During this well test there was an independent study of interactions with seabirds to ensure that there was minimal impact on seabird populations whilst flaring. This report concluded that there had been no observed adverse interactions with seabird populations as a result of the flaring.

The second well completed was 14/10-6, a 4.1km step west of the discovery well. This well was drilled to 2706m and also encountered a good reservoir package(36.4m net). This was found to be hydrocarbon-bearing consistent with the main Sea Lion fan.

After 14/10-6 the rig moved to the next location for Rockhopper, now dubbed 14/10-7. This well was designed to test out the edge of the Sea Lion Fans.

Rockhopper will now drill two more wells to further examine the Sea Lion Complex.

Update on Southern Licences

Borders and Southern EIS Addendum

Borders and Southern Petroleum (B&S) have recently submitted an EIS addendum detailing the potential impacts of their planned drilling campaign. They have selected drill sites and examined in detail the potential impacts relating to these sites.

This document has been made available to the public for comments, which have been sent to B&S for responses prior to a paper being submitted to the Mineral Resources Committee.

FOGL EIS

Falkland Oil and Gas Ltd. have submitted an Environmental Impact Statement for their licence areas in the South Falkland Basin and Falkland Plateau Basin. This document is available to the public. Should any member of the public wish to see this document please contact the Mineral Resources Department. Further details of this EIS and the public meeting to discuss it follow on the next page in the second column.

Rockhopper Announcement

On Wednesday 14/9/11 Rockhopper Exploration made available to the public their presentation to investors. In this presentation they go into detail examining the possible scenarios moving forward into development of the Sea Lion oil field. Their plans highlight the use of a Floating Production Storage and Offloading vessel (FPSO).

Producing the oil through the use of an FPSO maintains a minimum impact on the shore for two reasons: firstly it negates the need for onshore processing as would be the case with a pipeline and terminal facility. Similarly it also means that the produced oil will not need to be shipped to the Falklands, but can instead be shipped straight to a refinery elsewhere in the world.

New Faces at DMR

The Mineral Resources Department welcomes two new members to the team.

Stephen Luxton - Director Designate



Stephen Luxton has joined the Department of Mineral Resources as Director Designate. He will succeed the current Director Phyl Rendell when she retires at the end of December. Stephen brings a wide range of experience to the department as a geology graduate and previous member of the Legislative Council.

Roddy Cordeiro - Senior Projects Officer



Roddy Cordeiro has joined the Department as Senior Projects Officer. This is his second spell at the Department, having been part of the team throughout 2009/10.

Both incorporations will see the Department in good stead as increased activity in both the North and South Falkland Basins begins to unfold.

Director, Phyl Rendell said, "it is very encouraging to see the Department well staffed now that activity is increasing with all the associated approvals required for the arrival of a second rig in a few months".

Visitors

Ahead of the upcoming drilling campaign using the *Leiv Eirikson*, representatives from **Borders and Southern Petroleum** and the rigs owners **Ocean Rig** visited the islands. They have made arrangements to set up offices locally for the duration of the campaign and inspected the progress of the second yard at Boxer Bridge Road. They also met with several government departments.

The last week of August saw a visit to the Islands by **Plexus Energy** representatives. Plexus Energy has been appointed by Rockhopper Exploration to carry out a study on the potential socio-economic impact of long-term oil exploration in the Islands. The visit was part of a initial scoping study, and as work on the report progresses the company plans to visit the Islands again to carry out more in-depth research. While this work is welcomed, it is important to highlight that at this stage, it remains somewhat hypothetical, and should oil production in the Falklands be deemed definitively commercial, similar studies will be carried out by the Falkland Islands Government.

Also in August was a visit from **Oil Spill Response Limited**. The company, which offers the only global oil spill response, conducted several training sessions over their two week stay. As a result there are now several people locally who are qualified IMO level-1 Beach Masters, with the skills and knowledge to manage oil spills coming into contact with the shore. They also conducted a course for IMO level-3 Management course and discussed the use of dispersants.



*The use of Booms and Skimmer practiced during the Beach Master course.
Photo Copyright Sarah Crofts*

Public EIS Presentation - FOGL

A number of representatives from Falklands Oil & Gas (FOGL) will be visiting the Falklands during the week of the 26th of September. The visit will coincide with the consultation period of the Company's Environmental Impact Statement. As part of the consultation process, FOGL intend to hold a public presentation on 25th of September at 17:30 in the Chamber of Commerce. Copies of the Statement, which was published on 19/09/2011, can be obtained on CD from the Department of Mineral Resources, or can be viewed in hard copy at the Department of Mineral Resources or the Public Library. Any comments regarding the EIS must be submitted to the Department of Mineral Resources by 31st of October at 16:00 local time.