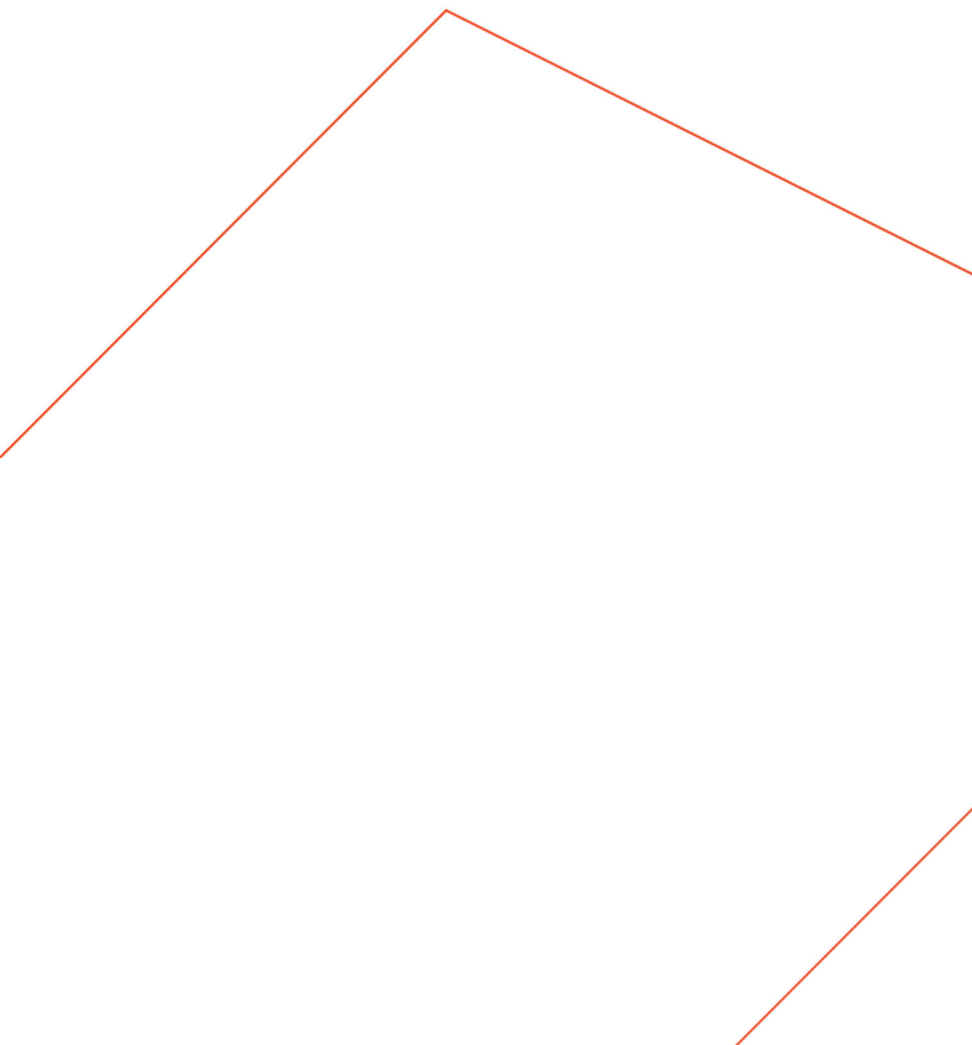




Hornsea Project 4: Harbour Energy

Response to Secretary of State

16 May 2023



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1.0 Introduction

On 27 April 2023 the Secretary of State requested additional information from the Applicant and Harbour Energy (the “RFI”). Harbour Energy has met regularly with the Applicant to discuss these matters further. The following sections set out Harbour Energy's responses to the RFI, where appropriate reflecting the current status from these discussions. Harbour Energy's stance in these discussions and in the responses below is that the parties should be able to coexist, however to do so requires a balance of accommodations by both parties.

2.0 Responses to Request for Information

2.1 Paragraph 5 of RFI

‘The Secretary of State understands that scenario 4, as referred to by the Applicant in its response, relates to the following paragraph from page 7 of Harbour's deadline 8 submission. If this is not correct, the Applicant should clarify what protective provisions it has referred to under the title ‘scenario 4’. Were the Protective Provisions amended to permit sufficient space (1.6km obstacle free radius around each wellhead and 1.4km wide aviation corridors to and from each wellhead, then, subject to the Applicant compensating Harbour Energy for delays to its rig programmes arising from flight restrictions resulting from the presence of the windfarm, such amended Protective Provisions could be acceptable to Harbour Energy.’

Harbour Energy notes that this request for clarification is directed to the Applicant but in forming its responses below, Harbour Energy has applied the same assumption, whereby the Applicant's ‘scenario 4’ relates to the paragraph quoted in the RFI from Harbour Energy's Deadline 8 submission.

2.2 Paragraph 6 of RFI

‘The Applicant and Harbour Energy are asked to provide an agreed set of protective provisions (together with any relevant plan referred to), if possible, or if that is not possible, to each provide draft protective provisions to address this scenario 4 and in particular when compensation might be required in these circumstances and how compensation for any such additional costs might be assessed if not agreed.’

No agreement on compensation associated with any set of protective provisions has been reached with the Applicant. Harbour Energy re-iterates its position that without compensation, protective provisions would be required preventing wind turbine generators from being installed within 5.6km (3nm) of either of the Johnston wellheads. Harbour Energy believes however that coexistence could better be achieved by means of protective provisions that are less restrictive to the Applicant in conjunction with a compensation mechanism that compensates the Johnston Owners for additional costs incurred.

The following is an outline of Harbour Energy's proposal based on the draft protective provisions attached in Appendix 1. **This proposal is subject to and must take account of any updated CAA policy and/or guidance including any revision to CAP764.**

Following discussion with the Applicant, Harbour Energy believes the potential exists for the Applicant to accept protective provisions that provide for:

1. A marine access corridor free from temporary or permanent surface infrastructure (except as may from time to time be approved by the Johnston Operator) extending 500m each side of the Johnston pipelines and a radius of 1.8km (1nm) around each Johnston wellhead; and
2. An aviation access corridor free from any wind turbine generators (including their rotors) comprising:
 - a. a rectangular area of width no less than 1.4km extending lengthways (in any orientation) from the westernmost Johnston wellhead to the edge of the windfarm array; and
 - b. a rectangular area of width no less than 1.4km extending lengthways between the two Johnston production wellheads; and
 - c. a rectangular area of width no less than 1.4km extending lengthways (in any orientation) from the easternmost Johnston wellhead to the edge of the windfarm array at a different point from the segment referred to in 2a above.
3. A wind turbine exclusion zone comprising two circles of radius 1.6km, centred on each of the Johnston wellheads.

These correspond to Applicant’s scenario 4, one example of which is shown by the red hatched area in Figure 1 taken from the Applicant’s 13th January response to the Secretary of State. As set out in Harbour Energy’s previous submissions, in order for Harbour Energy to accept such protective provisions, the Johnston Owners would need to receive compensation from the Applicant in respect of additional costs incurred. This is explained further below.

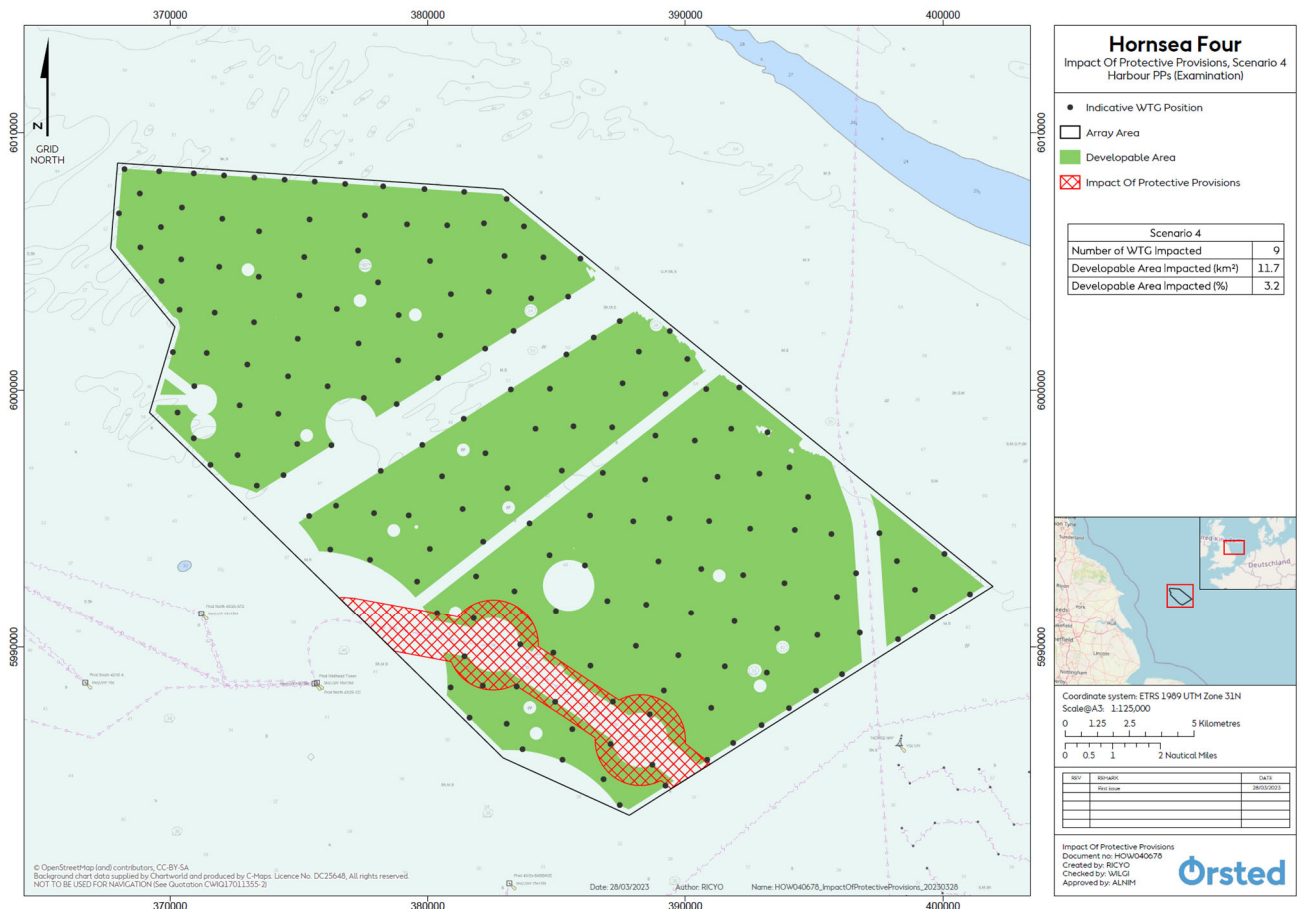


Figure 1: Illustration of One Potential Realisation of Proposed Protective Provisions, Modelled by the Applicant as Scenario 4.

Any windfarm layout that has wind turbine generators within 5.6km (3nm) of either Johnston wellhead would, under new rules to be introduced by helicopter operators¹, result in a significant reduction in flight availability for which Harbour Energy believes it is reasonable and necessary to seek compensation from the Applicant. The presence of the Hornsea 4 windfarm within 5.6km (3nm) of the Johnston wellheads is expected to result in a reduction of flight availability from a current annual average of 92% to 62% with winter months seeing a reduction from 97% to 42%.

Harbour Energy believes that a compensation mechanism that takes account of additional costs actually incurred would enable coexistence with the above protective provisions. In recent discussions, the Applicant has been unwilling to progress agreement of a compensation mechanism. Were the above protective provisions applied without any compensation, the Johnston Owners would face significant additional costs with decommissioning and abandonment costs being 130% to 150% of those originally anticipated.

A potential mechanism for compensation of additional costs is included within Harbour Energy's proposed draft protective provisions included in Appendix 1.

3.0 Additional Observations

The Johnston Owners have a statutory duty to fulfil the terms of Licences P686 and P380 and to carry out their operations safely. The future proximity of the Hornsea 4 windfarm would prevent some aviation operations that are required for Johnston production and decommissioning activity from being able to be carried out safely. Accordingly, those aviation operations would not be attempted. This reduced ability to carry out aviation operations for safety reasons has an economic impact in the form of increased costs and delays. The proposals set out in this response seek to strike a reasonable balance between accommodating the Applicant's proposed windfarm development and enabling the Johnston Owners to fulfil their licence obligations whilst not compromising safety.

¹ From discussions between Harbour Energy and Anatec, who have advised the Applicant, Harbour Energy believe Anatec to be aware of new rules that have been developed by the helicopter operators in conjunction with the CAA. These include a requirement that: where there are wind turbine generators within 5.6km (3nm) of an installation, flights to/from that installation will be limited to daylight and when visibility is at least 5km and the cloud-base is at least 700'. By way of reference, the Applicant and Harbour Energy agree that current visual operations to a rig at Johnston can occur in daylight when visibility is at least 4km and the cloud-base is at least 600' or at night when visibility is at least 5km and the cloud-base is at least 1200'. Instrument flights can also currently occur day and night as long as visibility is at least 1.5km and the cloud-base is at least 300' in daylight or 400' at night.

Appendix 1: Draft Protective Provisions

PART 1

FOR THE PROTECTION OF PREMIER OIL E&P UK EU LIMITED AND DANA PETROLEUM (E&P) LIMITED

Application

1. For the protection of the Licensee from time to time of United Kingdom Petroleum Production Licences P686 and P380, unless otherwise agreed in writing between the Undertaker and the Licensee the provisions of this Part of this Schedule shall have effect for so long as the Licence shall remain in full force and effect.

Interpretation

2. In this Part of this Schedule—

“**Additional Costs**” means any costs incurred by the Johnston Owners and/or the Johnston Operator in carrying out decommissioning of the Johnston Assets which would not have been incurred had such decommissioning works been carried out prior to commencement of the Undertaker’s Works and more particularly calculated in accordance with Clause 6;

“**Aviation Corridor**” means [THE FOLLOWING DEFINITION IS NOT FINAL, IT IS PROVISIONAL, SUBJECT TO AND MUST TAKE ACCOUNT OF ANY UPDATED CAA POLICY AND/OR GUIDANCE INCLUDING BUT NOT LIMITED TO ANY REVISION TO CAP764] an aviation access corridor free from any wind turbine generators (including their rotors) comprising:

- a) a rectangular area of width no less than one thousand four hundred meters (1400m) extending lengthways (in any orientation) from the westernmost Johnston wellhead to the edge of the windfarm array; and
- b) a rectangular area of width no less than one thousand four hundred meters (1400m) extending lengthways between the two Johnston production wellheads; and
- c) a rectangular area of width no less than one thousand four hundred meters (1400m) extending lengthways (in any orientation) from the easternmost Johnston wellhead to the edge of the windfarm array at a different point from the segment referred to in a) above.

“**Block**” means a block of the United Kingdom Continental Shelf designated as such on the map deposited at the principal office of the North Sea Transition Authority;

“**Exclusion Zone**” means an area of one thousand six hundred meters (1,600m) radius free from any wind turbine generators (including their rotors) measured from the centre of each of the Johnston production wellheads.

“**Johnston Assets**” means any and all facilities and infrastructure owned, operated, leased and/or otherwise contracted to the Licensee from time to time for the purposes of the Licences including but not limited to one exploration well, six producer wells, four pipelines and 15 umbilicals located in the Johnston Field;

“**Johnston Field**” means the field commonly known as the Johnston Field and situated partly or wholly within Blocks 43/26a and 43/27a;

“**Johnston Operator**” means the person appointed by the Johnston Owners from time to time to operate the area governed by the Licences on their behalf when such person is acting in such capacity and being, at the date hereof, Premier Oil E&P UK EU Limited and its respective successors and assigns;

“**Johnston Owners**” means the beneficial owners from time to time of the Johnston Field when such beneficial owners are acting in such capacity, and their respective successors and assigns;

“**Licences**” means United Kingdom Petroleum Production Licences P686 Block 43/27a and P380 Block 43/26a;

“**Licensee**” means the licensee or Licensees from time to time of the Licence;

“**Licensee’s Works**” means the decommissioning of the Johnston Field in accordance with the Johnston Decommissioning Programme (Rev B03, November 2022) as approved by the Offshore Petroleum Regulator for

Environment and Decommissioning and as amended from time to time, but excluding any post-decommissioning monitoring and evaluation;

“**Marine Corridor**” means a marine access corridor free from temporary or permanent surface infrastructure (except as may from time to time be approved by the Johnston Operator) extending five hundred meters (500m) each side of the Johnston pipelines and a radius of one thousand meters (1000m) around each Johnston wellhead;

“**Relevant Activities**” means all development activity relating to the carrying on of the Undertaker’s and Licensee’s businesses within, or adjacent to the Marine Corridor, Aviation Corridor or Exclusion Zone, including (but not limited to) the preparation of development proposals, the submission of applications for statutory consents associated with those proposals and consultation in respect thereof, the acquisition of or application for new licence oil or gas Blocks;

“**Undertaker**” means [to be defined]

“**Undertaker’s Works**” means the offshore works permitted by this Order;

Restriction on authorised development

3. Prior to the completion of the Licensee’s Works, no temporary or permanent surface infrastructure (including but not limited to wind turbine generators and buoys) shall be installed in the Marine Corridor unless otherwise agreed in writing between the Licensee and the Undertaker.

4. Prior to the completion of the Licensee’s Works, no wind turbine generator shall be erected in the Aviation Corridor or in any Exclusion Zone, unless otherwise agreed in writing between the Licensee and the Undertaker.

Provision of information

5. Without prejudice to any other rights or obligations under this Part of this Schedule the Licensee and the Undertaker shall from time to time keep each other informed of Relevant Activities such that the Licensee and the Undertaker may seek to agree solutions to allow those activities to successfully co-exist as far as reasonably practicable until completion of activities required under any statutory decommissioning plan required under the Petroleum Act 1998 in relation to the Licence and taking place within the areas subject to the Licence.

Compensation

6. The Undertaker shall pay a sum equal to the Additional Costs to the Johnston Owners as follows:

a) The Additional Costs shall be calculated on a monthly basis as follows:

Additional Costs = (Sum of Qualifying Periods multiplied by the Daily Contractual Rate) plus Associated Costs

Where:

Associated Costs means any other costs properly incurred by the Johnston Owners in connection with the Licensee’s Works associated with a Qualifying Period

Qualifying Period means any day or period of days starting on and including a day when a flight is required but is unable to be scheduled or is unable to fly but would have been able to be scheduled or able to fly if not for the wind farm or wind farms to be constructed, operated, maintained and decommissioned pursuant to this Order (including the Undertaker’s Works) and ending on the day that the said flight takes place

Daily Contractual Rate means the fully built up daily rate of operational costs (including fixed and variable costs) associated with the Licensee’s Works, such rate to be notified by the Johnston Operator to Undertaker prior to the commencement of the Licensee’s Works

b) The Johnston Operator may on a monthly basis starting from the commencement of any Licensee’s Works, invoice the Undertaker for Additional Costs. Except where the invoice contains a manifest error, the Undertaker shall

make payment of the full Invoiced amount to the Johnston Operator, whether disputed or not, within thirty (30) days of receipt of the invoice.

c) All payments made by the Undertaker will be made in full by electronic transfer of funds (or other agreed method) to such bank account as the Johnston Operator shall specify in the Invoice issued pursuant to Clause 6. (b)

d) If there is any default in the payment of the amount due under this Clause 6., without prejudice to any other remedies available to the Johnston Operator, interest shall be due on such amount calculated on a day to day basis at a rate equal to the Bank of England base rate plus three (3) per cent during the period of default, which period shall commence on the first (1st) day following the due date of payment and continue until and including the day on which payment is made.

e) Any payments made hereunder are exclusive of any value added or similar tax ("VAT"). Where VAT is properly added to a payment made hereunder, the person making the payment will pay the amount of VAT only on receipt of a valid tax invoice.