



eni timor leste

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Monitoring and Analysis  
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Dear Mr Scheiner,

Thank you for your comments on the *Environmental Impact Statement (EIS)* and *Environmental Management Plan and Monitoring Program (EMP)* we recently submitted for the proposed Cova-1 exploration drilling campaign in the Timor Leste Exclusive Area. Your comments will be considered closely as we work to complete the environmental assessment process for the project, in consultation with the DNMA.

As an interested stakeholder, we would like to offer some direct responses to the issues you raised; these are provided on the following pages.

Yours sincerely,

Rob Phillips  
Senior Environmental Advisor

**eni timor leste spa**

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La'o Hamutuk comment	Eni response
<b>Public consultation</b>	
<p>Two months were wasted between when these documents were finalized before they were distributed to stakeholders. As “stakeholders” include all the people of Timor-Leste, we appreciate Eni’s permission for La’o Hamutuk to distribute these documents via internet, but encourage DNMA and the company to find more inclusive consultation mechanisms in the future.</p>	<p>The EIS and EMP documents were submitted to the DNMA in April 2010, and provided to other stakeholders in July, three months later.</p> <p>Eni agrees that a more timely stakeholder review period would have been beneficial. The delay was the result of some miscommunication between Eni and the DNMA about distribution of the documents. On 7 July 2010, Eni distributed the Cova EIS and EMP documents to the 20 stakeholders that were identified by the DNMA.</p> <p>Eni has also committed to conducting another public feedback meeting after all stakeholder comments are received from the DNMA; this will probably occur in late August.</p>
<p>Suggest that the communication continue during and after drilling, with distribution of environmental and other reports (such as those described in EMP section 6.6.2) to stakeholders as the project progresses. Stakeholders should be included in any review conducted according to section 6.7 of the EMP.</p>	<p>Audit reports and incident reports will be provided to the DNMA and ANP, as regulators of the activities. These types of documents are not typically distributed to other public stakeholders, as the subsequent review, comment and revisions process becomes less manageable with multiple people providing input. However, Eni can see the benefit of publishing these reports when finalised, from a public-information and transparency point of view. Eni will discuss this request further with DNMA and ANP prior to deciding on a way forward.</p>
<b>Safe and clean operation</b>	
<p>We urge that Eni focus additional attention, including on maintenance before the Cova-1 drilling starts, on the Saipem 10000 and its BOP and other emergency response components.</p>	<p>The Saipem 10000 has been in drydock in Singapore from May to August 2010 for maintenance and safety inspections. Safety-critical components of the rig (e.g. the BOP, emergency shutdown systems, well control systems, evacuation systems such as lifeboats) were inspected in a formal “validation” process by third party auditors (Rig Inspection Services Pte Ltd). The documentation to support this process has been supplied to the ANP, under the safety regulations applying to petroleum activities in the Timor Leste Exclusive Area.</p>

La'o Hamutuk comment	Eni response
<p>The Cova-1 EIS and EMP do not explicitly state that Eni will implement procedures such as those neglected at Montara (e.g. testing, installation of safety equipment, and emergency response), which means that Timor-Leste must take Eni at its word.</p>	<p>All drilling activities conducted by Eni Timor Leste must be in accordance with the Eni corporate worldwide standards. These standards adopt best practices and are continually revised to ensure that incidents like Montara and Macondo are addressed and mitigations are implemented to prevent such accidents occurring on our wells.</p> <p>Following on from these incidents, Eni has updated and implemented a number of new standards to address deficiencies that may lead to an incident. All well designs for deep water applications (&gt;1500ft water depth) are to be approved by Eni headquarter divisions to ensure they comply with the standards.</p> <p>Over and above that, we continue to fulfil the requirements of the ANP in our bid to gain approval to drill. Eni has submitted the drilling contractor's vessel safety case (VSC) which is currently under review by the ANP. The scope of validation and the validation report, which addresses the rig's compliance to various standards, has also been submitted.</p> <p>The drilling vessel is being inspected by third party auditors to provide an independent report on the condition of the rig and the rig's adherence to its safety documents and maintenance requirements. This report will be presented to the ANP prior to entering Timor Leste waters as per the regulations.</p> <p>The current safety assessment process does not call for public review of these documents. However, we could summarise the process in the final version of the EIS to alleviate these concerns.</p>

La'o Hamutuk comment	Eni response
<b>Oil spill modelling</b>	
<p>Page 68 of the EIS models a spill of 1.8 million litres per day over only five days, after which it's assumed the leak will be resolved. However, recent experience shows the dangers are much greater, and we urge Eni to expand its model scenarios to more realistic levels.</p>	<p>Eni has commissioned modelling of an eight-week oil spill in order to allow assessment of the risk of an uncontrolled loss of containment. This additional modelling will also account for two additional seasonal weather patterns – wet season (summer) and transitional conditions. We agree that recent experiences call for this approach. The results of the modelling will be included in the Final EIS and the Oil Spill Response Manual (OSRM) for the drilling campaign.</p>
<p>Page 70 of the EIS predicts that oil may reach West Timor from Cova-1 within two days of the small spill Eni has modelled. We hope that Eni has discussed the pending Cova-1 project with Indonesian as well as Timor-Leste authorities.</p>	<p>So far, Eni has not conducted consultation with the Indonesian government on our activities. Eni will consider this issue further and advise our approach in due course.</p> <p>It is also noted that drilling was originally planned for July when winds are directed predominantly from the south east. As a result, probability plots show oil reaching the West Timor coastline. Drilling is now scheduled for the Summer months, when winds blow predominantly from the west and any oil would be transported east into the Timor Sea. This will be confirmed by the additional oil spill modelling.</p>
<p>Two weeks ago, Eni told La'o Hamutuk that its Oil Spill Contingency Plan (OSCP) is not finished, and that it will likely be provided in mid-August, around the time of the Cova-1 stakeholder meeting.</p> <p>Given the inadequate spill modelling in the EIS and EMP, La'o Hamutuk is concerned that the OSCP may not realistically consider worst-case spill sizes and flow rates, and we urge that it be subject for public consultation as part of the EMP, with an additional opportunity for stakeholder comment before the EMP is approved. This also applies to other relevant documents, such as the <i>Timor-Leste Emergency Response Plan</i> and <i>Saipem 10000 Drilling Campaign Emergency Management Plan</i> referenced in the EIS and EMP.</p>	<p>As above, Eni has commissioned modelling of an eight-week oil spill, and the results will be made available and included in the OSRM for the drilling campaign.</p> <p>Eni will provide the OSRM to stakeholders for information. Due to this additional modelling, and the requirement to integrate the OSRM with vessel-based emergency response plans currently in preparation, the document is likely to be finalised in late-August or September.</p>

<b>La'o Hamutuk comment</b>	<b>Eni response</b>
<p>The OSCP should spell out Eni's agreements with the Australian Maritime Oil Spill Centre and operators of nearby projects, as they may be called upon to support emergency response efforts.</p>	<p>The OSRM does include information on Eni's membership of Oil Spill Response Limited (OSRL), who are based in Singapore and service south-east Asia. In the event of a tier 2 or 3 spill at Cova, OSRL will be our third-party assistance provider.</p> <p>Eni has also sent correspondence to other operators in the area outlining our willingness to enter an alliance on oil spill response so that rigs and services can be shared if needed. These discussions are ongoing. The Australian Petroleum Production and Exploration Association (APPEA) is also coordinating discussions regarding an industry approach; Eni is a member of this group.</p>
<b>Flaring</b>	
<p>Pages 55, 65 and 66 of the EMP imply that associated gas will be flared if it is found in Cova-1. However, Eni Australia told La'o Hamutuk on 21 July that no oil or gas flaring will occur during this project. We hope that this is true, and urge that the EIA and EMP be revised to reflect this commitment.</p>	<p>Since the EIS and EMP were developed, the exploration drilling plans have changed and now do not include well testing, which would typically require flaring of hydrocarbons from the reservoir. However, due to the exploratory nature of the activity, some small-scale pockets of hydrocarbons may be encountered during drilling which would need to be burnt off through a relief flare—this will involve a much lower volume of combustion emissions than flaring during well testing.</p> <p>These points will be clarified in the final version of the EIS and EMP.</p>
<b>Regulators have the right to inspect operations</b>	
<p>The EIS and EMP documents do not give any information about Eni's plans to allow Timor-Leste regulatory authorities to visit and inspect Cova-1 operations. Given ANP and DNMA's responsibility to protect Timor-Leste's health, safety and environment – and the fact that companies left to themselves cannot be relied upon to do that -- La'o Hamutuk strongly encourages the DNMA and ANP to deploy personnel on the <i>Saipem 10000</i> for as many of the 45 days of operation as possible, and urges Eni and Saipem to cooperate.</p>	<p>Eni agrees that on-site observation of our activities by the Timor Leste regulators is beneficial, from both compliance and information-sharing perspectives. Eni has extended an invitation for representatives of the ANP and DNMA with appropriate safety certifications to visit our vessels, and will continue to do so.</p>

La'o Hamutuk comment	Eni response
<b>Local content</b>	
<p>Eni promised \$4.5 million in local content (out of an \$85 million work program) for Block C in its April 2006 proposal, which was an important factor in Timor-Leste awarding the PSC to Eni rather than to Petronas consortium's competing bid. This commitment, which included two exploration wells, was to be carried out in the three years prior to November 2009. It is eight months later, and we wonder how much of that commitment has been fulfilled, or if Eni and RDTL have agreed on a new schedule or amounts.</p>	<p>Of the total commitment of US\$9.5M across all of Eni's permit blocks, at end 2009 Eni had spent some \$5.6M on local content, which includes the use of local goods, services and labour, and social development projects.</p> <p>The remainder of the committed funds has been rolled over to a second exploration period and is expected to be fully acquitted during the 2010-2011 period.</p>
<b>Accuracy</b>	
<p>In several places, Eni's EIS and EMP contain inaccuracies or wrong information. Although these may not be directly relevant to Cova-1's environmental consequences, they indicate a carelessness which is unacceptable in a project like this. For example, EIS and EMP chapters 2.2 say that Laminaria-Corallina is in the JPDA and mentions Elang-Kakatua, which ceased operation three years ago, as a "producing" oil field (as do EIS chapter 4.3 and EMP 3.3.3). Paragraph 5.11.1 says that Buffalo is in the JPDA; it was also stolen by Australia.</p>	<p>These points are noted and the errors will be corrected when Eni submits the final version of the EIS and EMP documents.</p>
<p>Similarly, Eni relies on the <i>CIA Factbook</i> for its socio-economic profile in EIS paragraph 4.3. Primary sources, such as RDTL or UN documents, would be more current and detailed.</p>	<p>Noted, reference sources will be updated where possible when Eni submits the final version of the EIS and EMP.</p>
<b>Plan for 2010's unusual weather patterns</b>	
<p>EIS Paragraph 4.1.1 and EMP paragraph 3.1.1 discuss typical climate and weather in the Cova-1 area during September, which is usually dry and storm-free. However, this year has been anything but typical in this region, with unseasonable rains, flooding, and strong winds. Whether this is due to climate change, statistical fluctuations, or <i>El Nina</i>, Eni needs to be prepared for more extreme weather than is normally expected.</p>	<p>Extreme weather conditions are always taken into consideration in offshore drilling plans. Eni's understanding of the conditions is based on a comprehensive metocean study of the area, which includes extreme value analysis. Operational weather forecasts will be monitored regularly throughout the campaign.</p>

La'o Hamutuk comment	Eni response
<b>Plan for additional ship traffic</b>	
EIS Paragraph 5.11.4 (EMP 3.3.4) about vessel movements near Cova-1 during the relevant period should include those that Reliance, if it gets DNMA and ANP approval, will operate near Block K, as well as any seismic exploration that may be conducted at the time.	Noted, Eni will be in consultation with the ANP and Customs in the lead-up to the drilling program, to maintain an up-to-date understanding of navigation issues in the area.