

Public Statement on Environmental Management and Environmental Performance for 2013



WELCOME TO ENQUEST'S PUBLIC STATEMENT ON ENVIRONMENTAL MANAGEMENT AND ENVIRONMENTAL PERFORMANCE FOR 2013



This statement has been prepared in fulfillment of the Department of Energy and Climate Change (DECC) requirement under OSPAR recommendation 2003/5.

It represents an open & transparent picture of our environmental performance across our offshore activities for the year 2013. The statement covers environmental performance, describes the extent to which we are meeting our environmental goals and outlines our future objectives.

- Across all assets, the volume of liquid waste produced remains within our yearly permitted allowance. In addition all assets achieved yearly average oil in water concentrations within the 30 mg/L limit as set by the regulator.
- EnQuest strive to minimise the overall volume of chemicals we use. Throughout the year we worked with our contractors to replace, where possible, chemicals with more environmentally acceptable alternatives.
- Identifying ways to minimise the risk of potential unplanned spills to the marine environment also remained a focus during 2013, with the total number of accidental spills reducing from 17 in 2012 to 11 in 2013.
- CO₂ emissions resulting from flaring and power generation reduced by 1.9% compared to 2012 levels. In early 2014, Enquest completed a successful external verification of its greenhouse gas emissions as required under the Companies Act 2006 (Strategic and Directors' Reports) regulations 2013.

The UKCS presents itself as a challenging place to work. Nevertheless, we are committed to maintaining the integrity of our assets and in 2014 EnQuest is committed to improving its environmental performance. For any enquiries please contact environment@enquest.com.

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HSE&A POLICY



EnQuest is the UK's largest independent oil & gas development and production company, operating in the North Sea and internationally. We are committed to operating responsibly and will not compromise our health, safety or environmental standards to meet our business objectives.

Through respect for our people, our contractors, our customers, our stakeholders and the environment, we will operate to achieve our principal aim: *safe results, with no harm to people and respect for the environment.*

To achieve this we will manage our business such that we:

- Demonstrate strong leadership and visible commitment to HSE&A
- Comply with all applicable legislation and industry standards
- Maintain high-quality systems and processes
- Assess and manage risks
- Maintain safe and healthy workplaces
- Manage and mitigate our impact on the environment
- Provide trained and competent resources
- Encourage open and honest communication
- Ensure our contractors and suppliers comply with our policies and procedures
- Maintain the integrity of our assets over their life cycles
- Assess and manage change
- Plan and be prepared for potential emergencies
- Investigate and learn from incidents
- Strive for continual improvement in our performance

Should operational results and safety ever come into conflict, we all have a responsibility to choose safety over operational results. This includes the responsibility to stop a job whenever activities may conflict with this policy.

A handwritten signature in black ink, appearing to read 'Amjad Bseisu'.

Amjad Bseisu
Chief Executive Officer
EnQuest PLC, March 2014

ENQ-COR-HS-005-POL-0001 Rev. 6

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OVERVIEW

ENQUEST IS AN OIL AND GAS DEVELOPMENT AND PRODUCTION COMPANY: THE LARGEST UK INDEPENDENT PRODUCER IN THE UK NORTH SEA

Principal Assets

EnQuest's principal UK assets at the end of 2013 were its interests in the producing operated oil fields Heather/Broom, Thistle/Deveron, West Don, Don Southwest and Conrie, the producing non-operated Alba oil field and the Alma/Galia and Kraken developments, with further development opportunities in the Scolty/Crathes, Cairngorm, Southwest Heather, Crawford/Porter and Kildrummy discoveries. During 2013, Enquest also announced its acquisition of interests in the Greater Kittiwake Area (GKA) producing oil field in the UK North Sea, this transaction completed in Q1 2014. In early 2014, Enquest was awarded a licence in the Don North East area. At the end of December 2013, EnQuest had working interests in 31 UK production licences, covering 39 blocks or part blocks and was the operator of 25 of these licences; including GKA and the Don North East area licence, the totals increase to 37 licenses and 47 blocks or part blocks, of which Enquest operates 30 licences.

Operational Scale

At the end of 2013, Enquest had a direct workforce of approximately 600, or 1,800 including offshore contractors.

Delivering Business Growth

In EnQuest's first 4 years, Enquest increased its net 2P reserves by 25.4MMboe. Through the successful commercialisation and sanction of the Alma/Galia development, EnQuest and its partner have been able to report a gross 34 MMboe of 2P reserves. In 2013, through the sanction of the Kraken development, Enquest is able to report gross reserves of approximately 140 MMboe. Through acquisitions, Enquest increased its net 2P reserves by 5.5 MMboe.

Financial Strength

With its strong balance sheet and strong cash flow generation, combined with its technical skills and operational scale, EnQuest is reinforcing its position as one of the top independent development partners of choice in the UK North Sea.

Respect for the Environment

As a responsible operator, we work towards reducing the environmental impact from all our operations.

- In EnQuest, respect is paramount, for our people, our environment and the safety of others.
- Effective management of Health, Safety and Environmental performance is a key objective.

Guiding all our activities is our principal aim:

Safe results, no harm to people and respect for the environment.



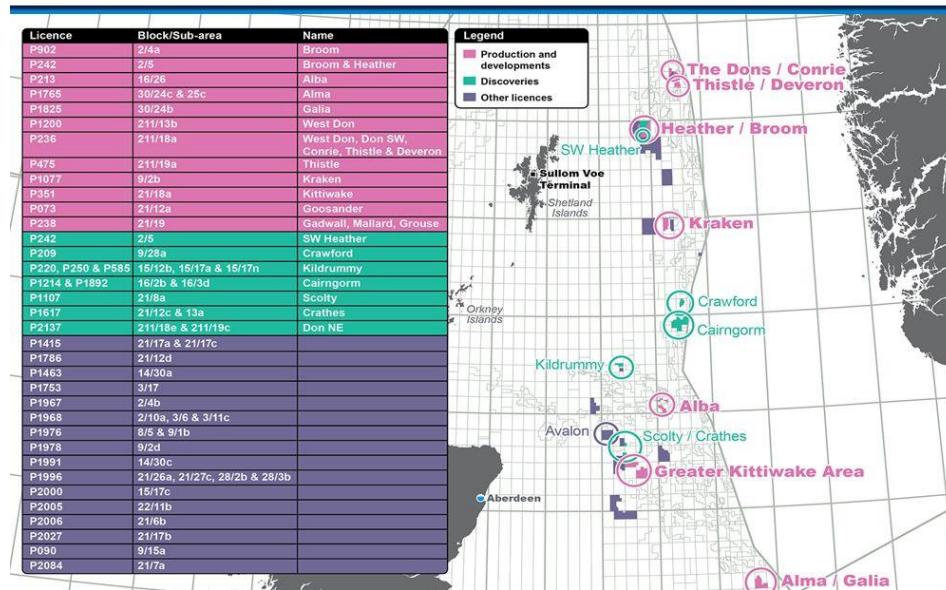
OUR ACTIVITIES

AT THE END OF DECEMBER 2013 ENQUEST HAD WORKING INTERESTS IN 31 PRODUCTION LICENCES COVERING 39 BLOCKS OR PART BLOCKS IN THE UKCS AND WAS THE OPERATOR OF 25 OF THESE LICENCES



EnQuest's North Sea assets at the end of 2013

Plus the GKA acquisition and Don North East



The figure detailed shows our present areas of production and development, along with discoveries and areas in which we hold a licence.

PRODUCTION

OUR OFFSHORE ACTIVITIES



Heather

Discovered in 1973, with first oil production in 1978, the Heather field lies in the East Shetland Basin. Oil is currently produced using gas lift. Oil is exported from the platform to the Ninian pipeline system and thence to the Sullom Voe Terminal. The Heather platform acts as the host for the nearby Broom field subsea development providing services to the Broom wells and processing the produced fluids. Production achieved a net 4,339 Boepd in 2013.



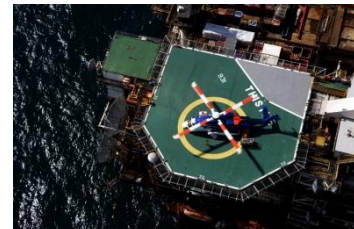
Northern Producer

In the Don field, oil was discovered in the sandstone of the Middle Jurassic Brent Group in 1973. The discovery was subsequently appraised by Shell/ESSO in 1976 and then developed by BP in the 1990s. EnQuest's redevelopment began production in 2009 and field life is expected to be up to 15 years. The development consists of three sub-sea tie-backs: Don South West, West Don and Conrie. During 2013, production achieved a net 11,013 Boepd.



Thistle

The Thistle was discovered in 1973. A single steel jacket platform was installed in 1976 and production began in February 1978 for BNOC/Britoil/BP. The licence operatorship subsequently changed to DNO in 2003, then to Lundin in 2004 before the demerging of Lundin's UK assets in 2010, when EnQuest became the operator. During 2013, production achieved a net 7,925 Boepd.



OUR ENVIRONMENTAL MANAGEMENT SYSTEM
OUR AIM: SAFE RESULTS, WITH NO HARM TO PEOPLE
AND RESPECT FOR THE ENVIRONMENT



ACROSS ALL OUR OPERATIONS, WE MANAGE OUR ENVIRONMENTAL ACTIVITIES VIA OUR ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

EnQuest has established a framework for the effective management of environmental issues relating to activities and to achieve company aims. The EMS has been established to ensure company activities are conducted in such a way that minimises risks to the environment throughout our operations. The system operates as part of the company's broader integrated Business Management System ("BMS").

The overall purpose of the EMS is to:-

- Describe arrangements for a consistent approach to environmental management
- Provide a framework for the achievement of objectives in order for EnQuest to manage risk in accordance with the requirements of company policies, applicable legislation, national/international standards and contractual or partnership commitments and achieve continual improvement.

As the EMS is subject to annual auditing & review, our goal of complying with statutory requirements is repeatedly challenged. Furthermore, as we apply our EMS across all our operations, we are able to share and learn from best practice and to achieve our goal of minimising risk of damage to the environment.

Our EMS is structured in line with the requirements of the international standard for environmental management and has been externally verified to meet the requirements of OSPAR Recommendation 2003/5 (October 2012).

HSE&A is EnQuest's top priority and it is deeply embedded in our culture and values. It is integral to how we manage our business, with regard to people, installations and the environment in which we operate.

Our HSE&A policy underpins how our environmental goals are progressed throughout our business operations. We are fully committed to operating responsibly so that environmental risks are minimised.

OUR ENVIRONMENTAL PERFORMANCE
EFFECTIVE MANAGEMENT OF ENVIRONMENTAL
PERFORMANCE IS A KEY OBJECTIVE



OUR ENVIRONMENTAL PERFORMANCE

Across all assets, the volume of liquid waste produced remains within our yearly permitted allowance. At EnQuest we strive to minimise the overall volume of chemicals we use. Throughout the year we worked with our contractors to replace, where possible, chemicals with more environmentally acceptable alternatives.

Total CO₂ emissions were 1.9% lower than last year and overall emissions remained within permitted limits.

Overview of Environmental Non-Compliances

- The Northern Producer had four environmental non compliances that required notification to the regulator. Two involved accidental spills to sea reportable via a PON1 to DECC. Two related to Offshore Pollution Prevention and Control Regulations 2005 permit breaches.

- Heather had six environmental non compliances that required notification to the regulator. Three incidents involved accidental spills to sea reportable via PON1s, two related to Offshore Pollution Prevention and Control Regulations 2005 permit breaches and the other a permit breach relating to the Offshore Chemical Regulations 2002.

- Thistle had three incidents that required notification to the regulator. One incident involved an accidental spill to sea reportable via a PON1 to DECC. The other two related to Offshore Chemical Regulations 2002 permit breaches.

OUR ENVIRONMENTAL IMPACTS
REPORTING OPENLY AND HONESTLY:
A TRANSPARENT PICTURE OF OUR PERFORMANCE



IN COMMON WITH OTHER OFFSHORE OIL AND GAS OPERATORS, ENQUEST HAS IDENTIFIED THE FOLLOWING AS SIGNIFICANT ENVIRONMENTAL IMPACTS OF ITS OPERATIONS. ENQUEST REGULARLY MONITORS AND REPORTS ITS ENVIRONMENTAL PERFORMANCE IN RELATION TO THESE ASPECTS IN LINE WITH THE REQUIREMENTS OF EU & UK LAW

Liquid Waste

Oil & gas extraction has associated produced water. On EnQuest's offshore installations, hydrocarbons are separated from produced water as part of the production process. However as traces of oil inevitably remain, the discharge of produced water is strictly controlled by the Offshore Petroleum Activities (Oil Pollution Prevention & Control) Regulations 2005 (as amended). These regulations set a limit on the average oil content of the water discharged. Liquid waste also consists of production chemicals discharged to water in the extraction process. Production chemicals have a number of functions. Any chemical used offshore during oil and gas production must be approved by the Centre for Environment, Fisheries and Aquaculture Science (Cefas). The use and discharge of production chemicals is controlled under the Offshore Chemical Regulations 2002 (as amended). In collaboration with our chemical suppliers, EnQuest strives to use environmentally acceptable alternatives where possible in our operations through the chemical management process.

Accidental Spills

Given the nature of our activities, there is always a risk that accidental spills may occur. All spills to sea, regardless of volume, must be reported to DECC via a Petroleum Operations Notice (PON1). At EnQuest we take our responsibilities to prevent accidental spills very seriously. We have processes and risk assessments in place to minimise the risk of accidental spills. In addition to statutory reporting requirements, we internally record and investigate any releases of unpermitted chemical or oil. This helps improve our understanding of the root causes and identify actions to prevent similar incidents occurring in the future.

Material Waste

Our operations consume natural resources and other material which generate a range of wastes. EnQuest must ensure that the segregation, transportation and eventual disposal of waste are managed in accordance with legislative requirements. EnQuest works closely with its onshore waste management contractors to identify recycling routes for as much of its waste as possible and conducts regular audits to evaluate waste management practices.

Atmospheric Emissions

EnQuest uses energy in extracting, processing and exporting oil & gas. Atmospheric emissions generated by these activities across are regulated by the European Union Emissions Trading Scheme (EUETS) and the Offshore Combustion Installation (Prevention and Control of Pollution) Regulations 2013. EnQuest seeks to use energy efficiently within our facilities, and continually looks to identify opportunities that may reduce emissions from its operations.

LIQUID WASTE

ENQUEST AIMS TO MINIMISE THE ENVIRONMENTAL IMPACT OF DISCHARGES OF PRODUCED WATER. TREATMENT PLANTS AT OUR ASSETS REMOVE ANY HYDROCARBONS, CHEMICAL AND SOLIDS PRESENT IN THE PROCESS WASTE WATERS. ALL OUR WASTE WATER IS TREATED AND MONITORED AS NECESSARY BEFORE DISCHARGE



Produced water has a complex chemistry. It contains formation water, injection water, traces of oil and traces of chemicals added during the crude oil production process.

Formation water is naturally trapped in oil and gas reservoirs and during oil production; a fraction of this water is brought to the surface mixed with the oil and gas. Additional treated sea water is also injected into the reservoir to maintain reservoir pressure ensuring that the oil flows through pores in the formation rock and into the producing well. As a result, both formation and injected water (produced water) are produced along with the hydrocarbons.

Chemicals

EnQuest carries out risk assessments in relation to any chemical used as part of the chemical permitting process in accordance with the Offshore Chemicals Regulations 2002 (as amended).

EnQuest, in consultation with their chemical suppliers, endeavor to minimise chemical use and where possible, replace existing production chemicals with more environmentally acceptable alternatives which fulfill the same function. The use of production chemicals have been risk assessed and deemed appropriate for use through the chemical permit approval process managed by the Regulator.

Oil in Water

As produced water contains traces of hydrocarbon, the Offshore Petroleum Activities (Oil Pollution, Prevention & Control) Regulations 2005 (as amended) sets the maximum daily permitted average oil content of produced water at 30 mg/L.

Figure 1 shows the average oil concentration of produced water across our assets for 2013. All assets achieved a yearly average oil concentration within the 30 mg/L limit.

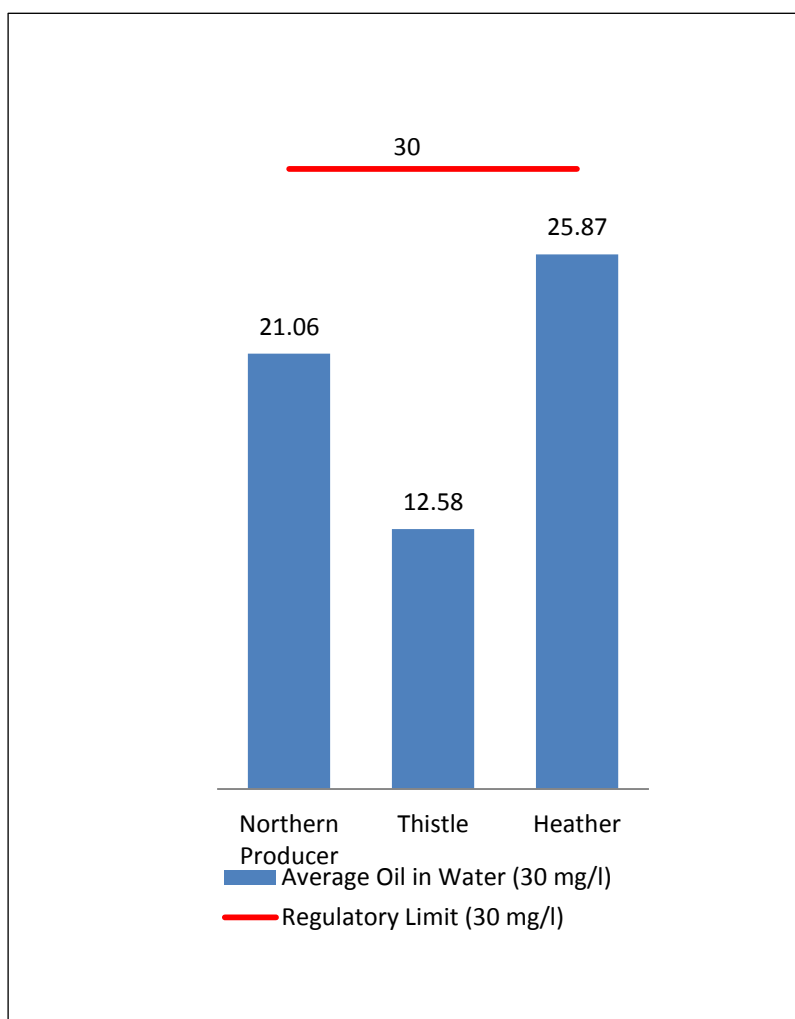


Figure 1 – Average Oil in Water Concentration per Asset 2013

ACCIDENTAL SPILLS

AS ACCIDENTAL SPILLS AT SEA CAN HAVE CONSEQUENCES FOR THE MARINE ENVIRONMENT, WE WORK TO MINIMISE THE RISK WITH A FOCUS ON PREVENTION. WE HAVE DECC APPROVED OIL EMERGENCY POLLUTION PLANS IN PLACE ACROSS ALL OUR ASSETS AND ARE A MEMBER OF OIL SPILL RESPONSE, THE WORLD'S LARGEST SPILL RESPONSE ORGANISATION



Number of Spills

All spills to the marine environment, regardless of volume, must be reported to DECC via a Petroleum Operations Notice (PON1). Figure 2 below details the number of PON1's submitted to DECC during 2013 that have been investigated and subsequently closed by the regulator.

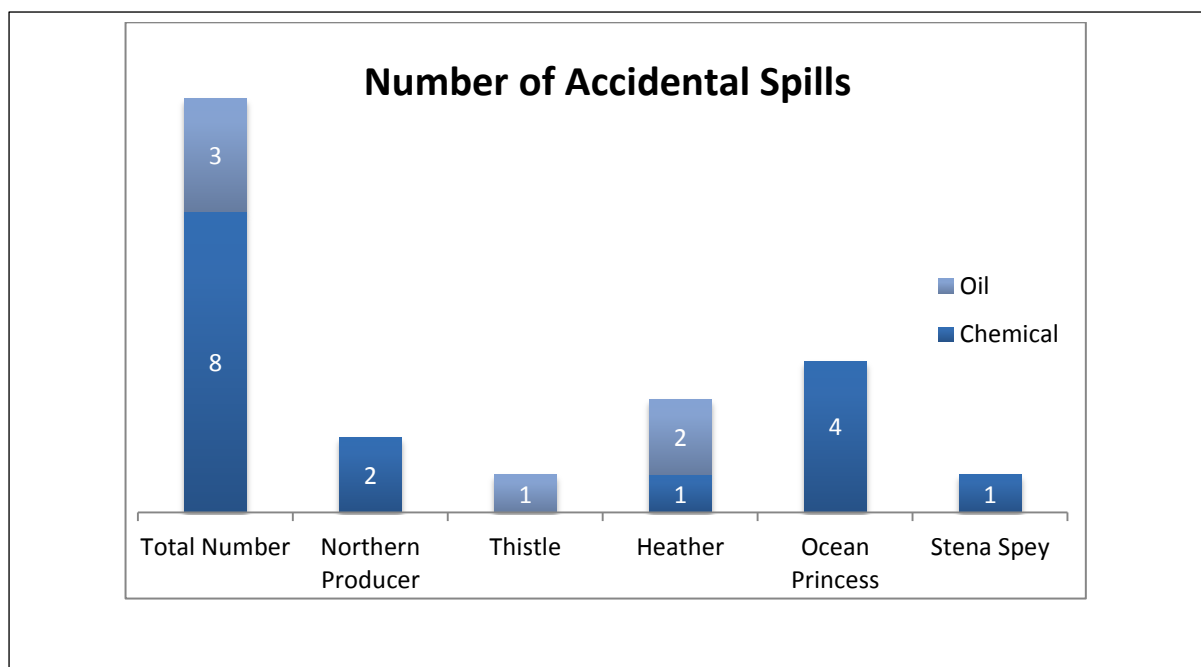


Figure 2 – Number of Accidental Spills 2013

At Enquest we take our responsibility to prevent accidental spills seriously. Where spills have occurred we report to the regulator timeously and undertake investigations where appropriate to determine the causes of the spills. Overall, the total number of closed PON1's submitted to DECC totalled 11

Volume of Spills

All producing assets recorded a decrease in the total volume / mass of chemical / oil lost to sea in 2013 compared to 2012.

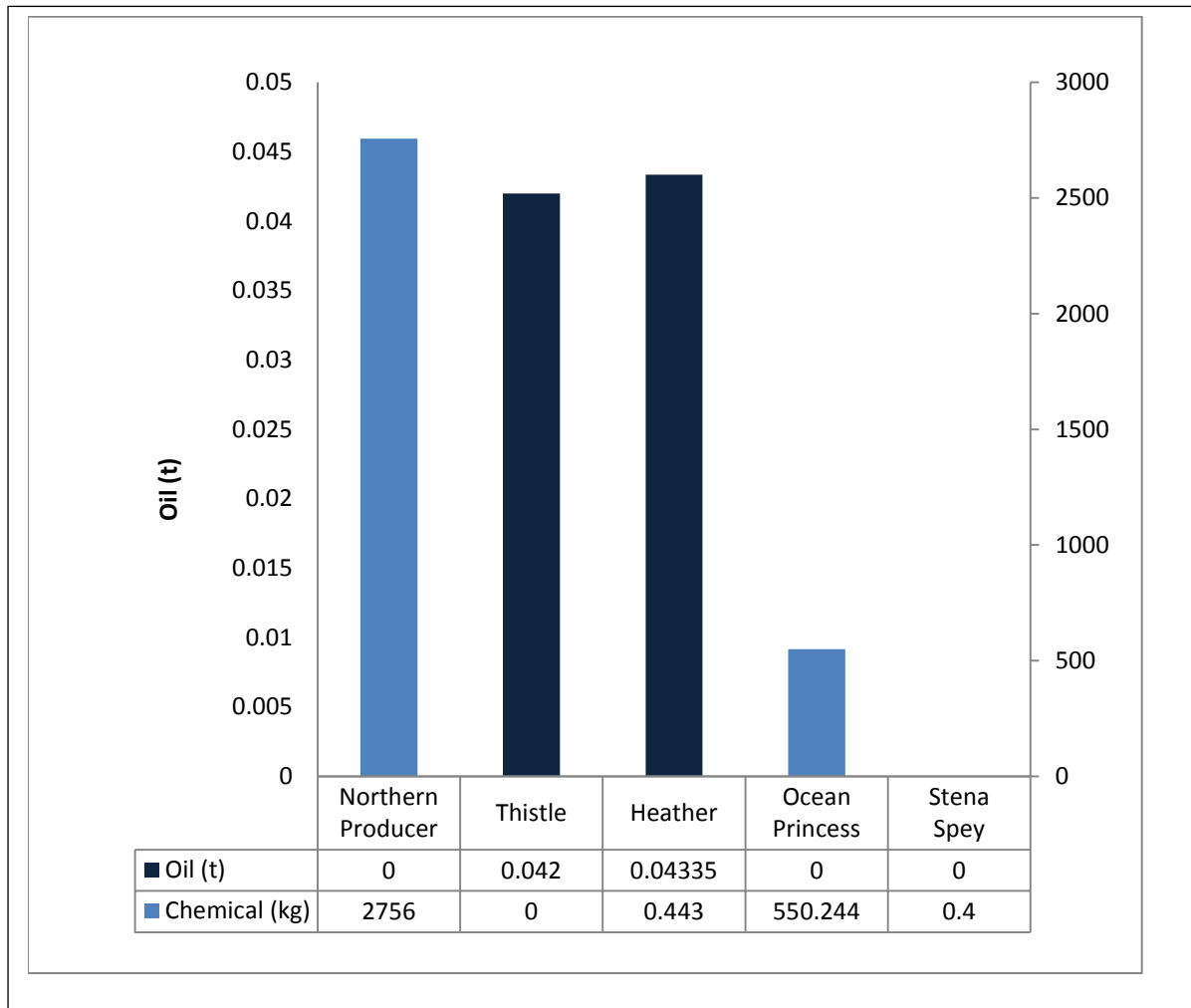


Figure 3 – Total Volume / Mass of Chemical / Oil Lost to Sea 2013

ATMOSPHERIC EMISSIONS

ALL OUR OPERATIONS USE ENERGY IN EXTRACTING, PROCESSING AND EXPORTING OIL AND GAS. WE MANAGE OUR ENERGY CONSUMPTION EFFICIENTLY TO REDUCE EMISSIONS FROM OUR OPERATIONS



Mandatory Carbon Reporting

Under the Companies Act 2006 (Strategic and Director's Reports) Regulations 2013, Enquest for the first time, were required to report its annual greenhouse gas (GHG) emissions in its directors' report. Carbon reporting is the first vital step for companies to make reductions in emissions. EnQuest's 2013 GHG emissions were externally verified in January 2014. The charts below provide detail of all our assets GHG emissions expressed as a CO₂ equivalent.

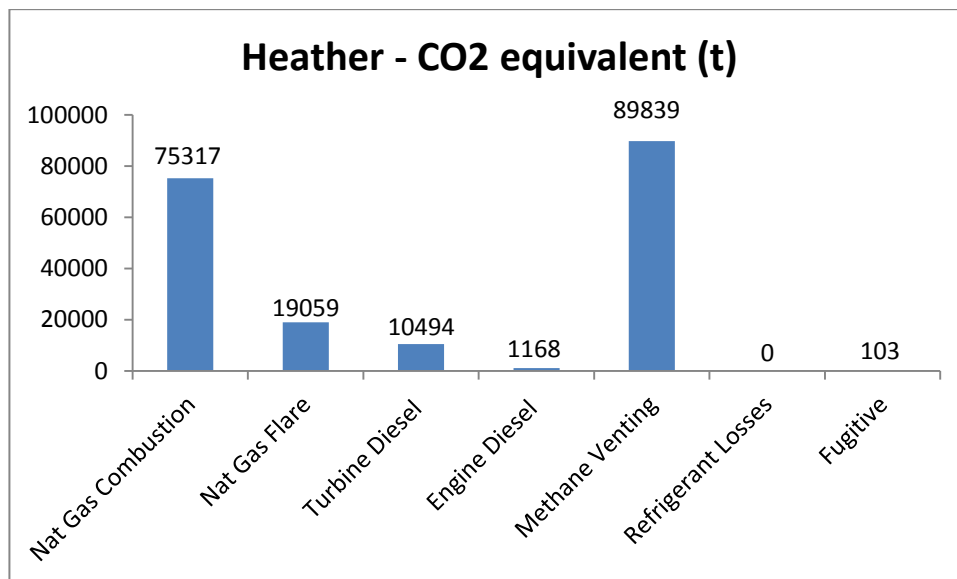


Figure 4 – Heather Alpha GHG Emissions 2013

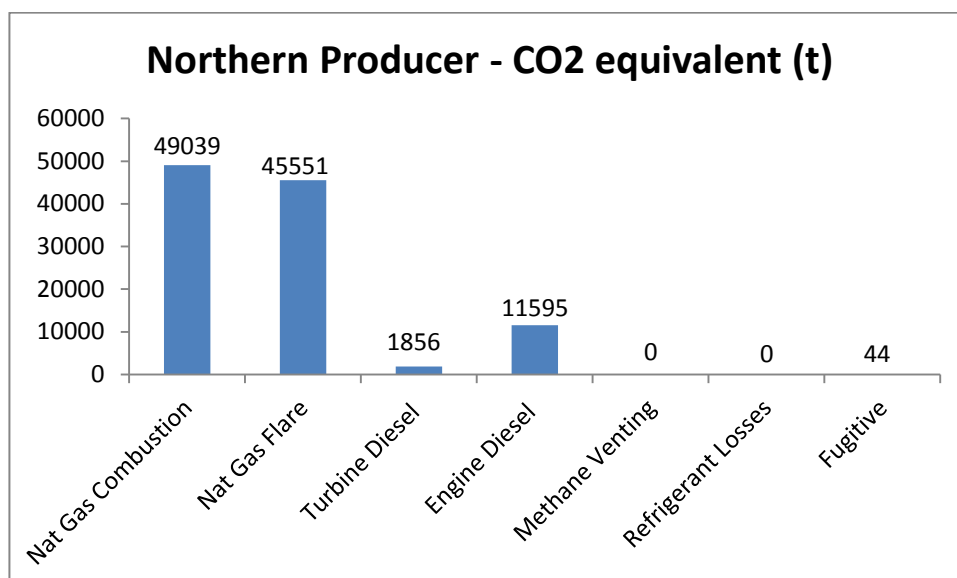


Figure 5 – Northern Producer GHG Emissions 2013

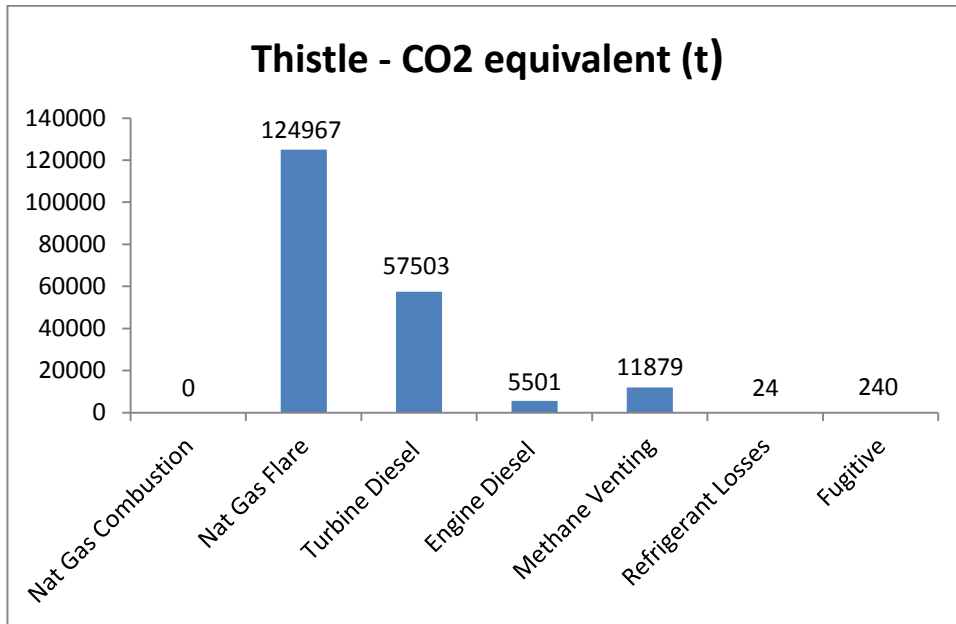


Figure 6 - Thistle Alpha GHG Emissions 2013

WASTE MANAGEMENT

OUR OPERATIONS CONSUME NATURAL RESOURCES AND OTHER MATERIAL WHICH GENERATES A RANGE OF WASTES. WE MANAGE OUR WASTE ACCORDING TO THE WASTE MANAGEMENT HIERARCHY – REMOVE, REDUCE, REUSE AND RECYCLE. WE SEEK TO MINIMISE THE QUANTITY OF WASTE DISPOSED TO LANDFILL



Operational Waste

The charts below show the fate of waste that is generated on the EnQuest assets, including the drilling rigs. Recycling rates across the assets and drilling rigs reduced from 52% in 2012 to 43% in 2013 with an associated increase in landfill rates of 7%, from 45% in 2012 to 52% in 2013.

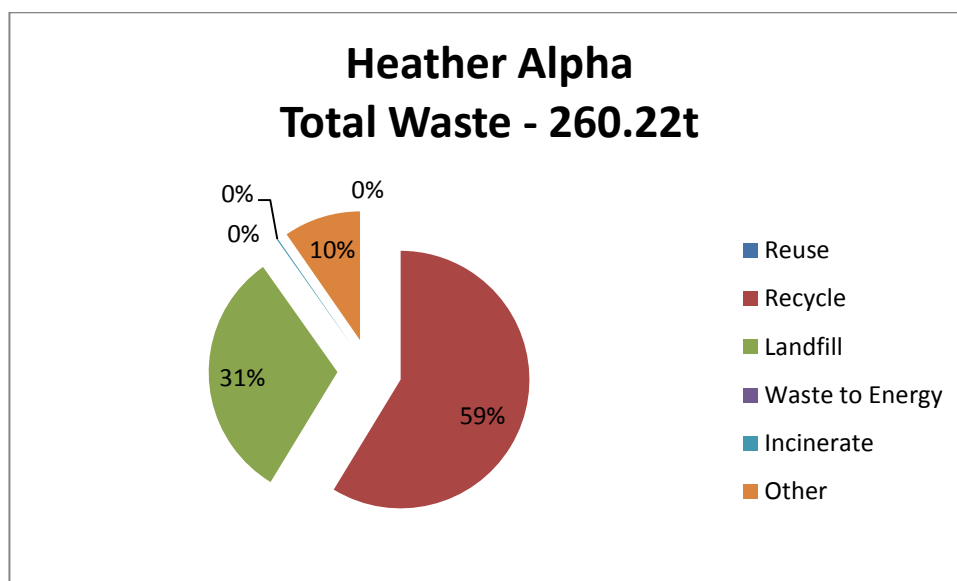


Figure 7 – Heather Alpha Waste Streams 2013

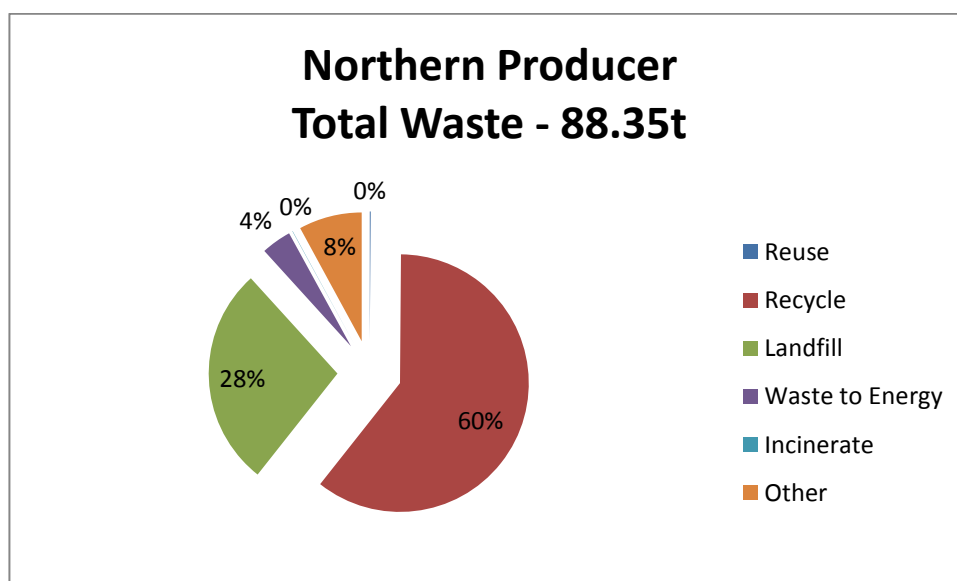


Figure 8 – Northern Producer Waste Streams 2013

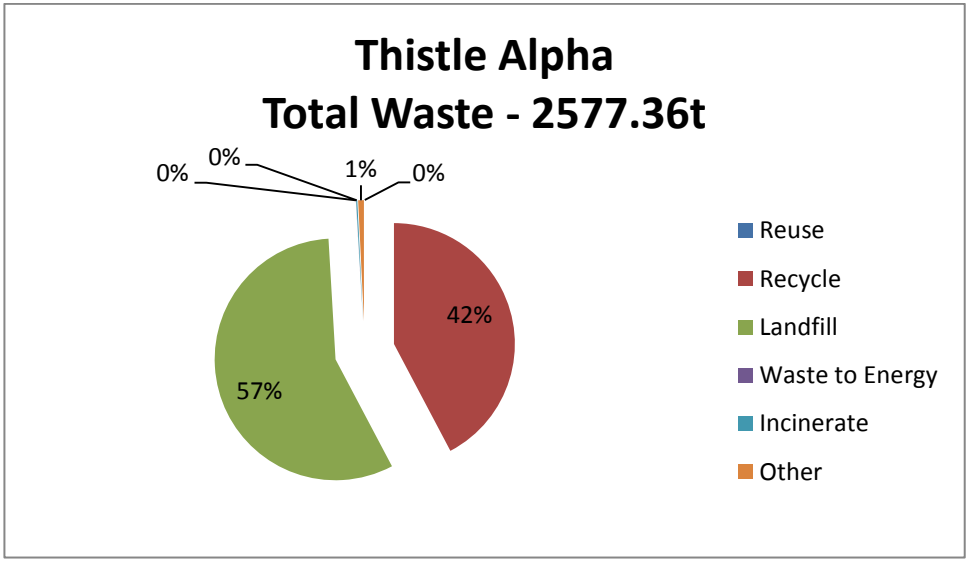


Figure 9 – Thistle Alpha Waste Streams 2013

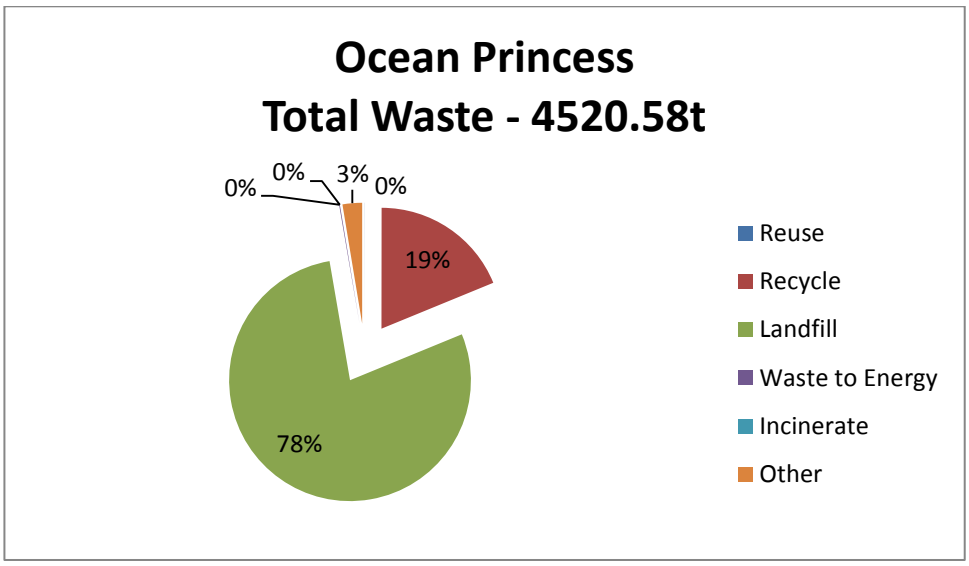


Figure 10 – Ocean Princess Waste Streams 2013

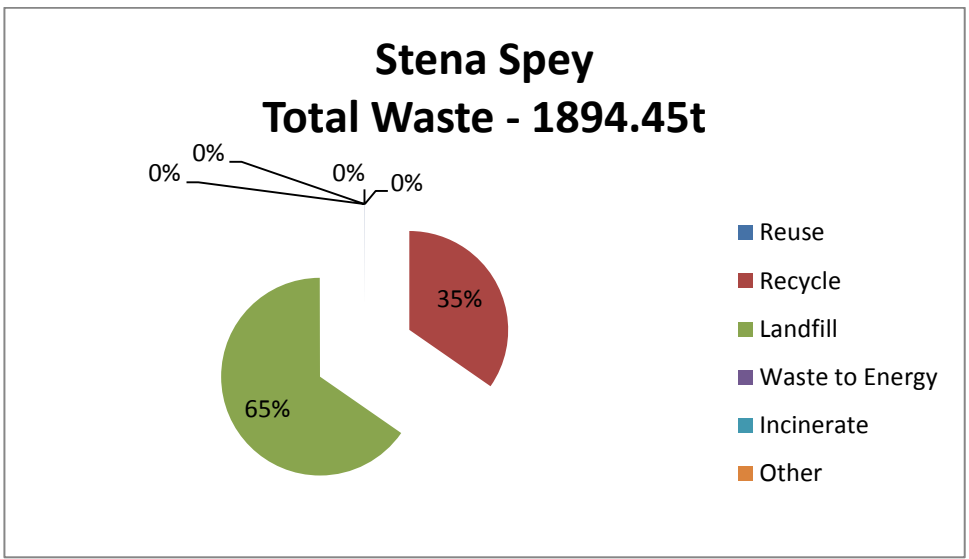


Figure 11 – Stena Spey Waste Streams 2013

CONTINUAL IMPROVEMENT

THE UKCS PRESENTS ITSELF AS A CHALLENGING PLACE TO WORK. LOOKING FORWARD TO 2014, ENQUEST IS COMMITTED TO FURTHER IMPROVING ITS ENVIRONMENTAL PERFORMANCE



2014 Continual Improvement Plan

Within the Environmental Section of the 2014 HSEA Continual Improvement Plan activities planned for this year to cement and improve on current environmental performance cross asset include:-

- Improvement of the chemical management process to ensure
 - ongoing regulatory compliance particularly in terms of ordering and control of chemicals offshore
- Roll out of an Enquest standard on Bunding and Bunkering of Chemicals. Following on from publication of the standard, current asset bunkering procedures and bunding arrangements will be reviewed with improvements identified and progressed as required
- Review of existing spill kit contents and deployment areas to ensure all assets are adequately prepared to reduce the risk of any topsides localised hydrocarbon or chemical spill going to sea to as low a level as reasonably practicable
- Implement an Environmentally Critical Equipment (ECE) Strategy which will result in the compilation of a list of ECEs for EnQuest's offshore operated assets. The compilation of the list and subsequent entry into the Maintenance Management Database will ensure ECE's are adequately maintained to reduce the risk of any environmental incident occurring.
- Introduce a number of initiatives under the banner of GHG emissions measurement, management, reporting and reduction to include but not limited to:-
 - enhanced fuel and flare gas metering accuracy
 - enhanced GHG monitoring to ensure permit compliance
 - improved management of environmentally critical meters to ensure ongoing accuracy and maintenance
 - improved energy efficiency monitoring
 - roll out of atmospheric emissions management training to key offshore and onshore personnel

Drilling

The identification and control of environmental impacts associated with all EnQuest's drilling and well completion activities form an integral part of EnQuest's business management process. Potential impacts are identified during the planning stages of well delivery process and the risks are assessed and managed via a structured Business Management System (BMS).

As part of EnQuest's broader BMS, an Environmental Management System (EMS) is implemented to ensure drilling activities are conducted in such a way as to minimise its environmental impacts. The application of the BMS during drilling activities is being revisited during 2014 to ensure policies are followed and identify potential improvement required. The review will include areas such as contractor management, emergency preparedness and response and environmental awareness training.

EnQuest is committed to minimise the impact of drilling activities on the environment actively seeking to learn and assess the potential of use of new technology that may eliminate the impact of drilling operations on ecologically sensitive areas. Regarding the use of drilling chemicals, EnQuest

consistently assesses the environmental risk associated with drilling fluid usage applying established UK standards in favor of low toxicity chemicals.