



North Sea
Transition
Authority

North Sea Transition Authority

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SANCTION NOTICE

**To: CNOOC Petroleum Europe Limited
Company Number: 01051137**

**Address: Prospect House
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Date: 17 December 2024

1. SANCTION NOTICE

- 1.1. This Sanction Notice is given to CNOOC Petroleum Europe Limited (“**CPEL**”) pursuant to section 42 of the Energy Act 2016 (“**the 2016 Act**”).
- 1.2. For the reasons set out in this Sanction Notice, the North Sea Transition Authority (“**NSTA**”)¹ gives a Sanction Notice to CPEL for its failure to comply with a petroleum-related requirement and a Financial Penalty Notice which imposes on CPEL a financial penalty of **£125,000.00 (one-hundred and twenty-five thousand pounds)**.

2. SUMMARY OF FACTS

- 2.1 This Sanction Notice relates to CPEL breaching its 2022 vent consent for the Buzzard field. The breach began on **31 May 2022** and continued to **3 June 2022** when the Buzzard facility shut-in. CPEL restarted production from **9 June 2022** when the Buzzard facility continued to vent when CPEL did not have consent to do so. On **14 June 2022**, a fresh vent consent providing for increased volumes of venting was issued by the NSTA. During the period from **31 May 2022** to **13 June 2022**, CPEL exceeded its consent to vent at the Buzzard field by 435.13 tonnes (“**the Breach**”).

¹ The North Sea Transition Authority is the business name for the Oil and Gas Authority, a limited company registered in England and Wales with registered number 09666504 and VAT registered number 249433979. Our registered office is at Sanctuary Buildings, 20 Great Smith Street, London, SW1P 3BT.

2.2 The NSTA has found that CPEL disposed of natural gas by releasing it unignited into the atmosphere without the necessary consent from the NSTA to do so. This amounts to a failure to comply with a petroleum-related requirement and is, therefore, capable of being the subject of a sanction notice issued by the NSTA. The NSTA has decided to issue this Sanction Notice, issuing a financial penalty of **£125,000** to CPEL for its failure to comply with a petroleum-related requirement.

3. BACKGROUND

3.1. CPEL is, and was at the relevant time, the operator for the Buzzard field under licences P928 and P986. On **8 December 2021**, CPEL was issued with a vent consent for the Buzzard field covering the period from **1 January 2022** to **31 December 2022**. This consent allowed for 0.044 tonnes of gas to be vented per day, amounting to 16.06 tonnes for the year ("**the Consent**").

3.2. On **31 May 2022**, during routine insulation removal activity, a seep was identified from the fuel gas line on the platform, causing this fuel gas line to be shut off. As CPEL was unable to provide fuel gas to the acid stack, the flame to the acid stack was extinguished, leading to the venting of the unignited gas into the atmosphere through the acid stack from approximately 4 am on **31 May 2022**.

3.3. Information provided by CPEL to the NSTA sets out that the Buzzard vent consent was exceeded on **31 May 2022**. This was confirmed by CPEL via an email to the NSTA on **1 June 2022**, in which CPEL stated that it had not previously experienced cold flaring at the Buzzard facility and so capacity for cold flaring had not been included when CPEL applied for its **2022** vent consent. Cold flaring is where a flare gas stream is emitted without ignition causing the natural gas to be disposed of by being released unignited into the atmosphere.

3.4. On **2 June 2022**, during the Buzzard field consent stewardship meeting held by the NSTA Consents Team, CPEL confirmed that it had experienced an integrity issue on the fuel gas pipeline to the acid stack (for flare ignition) which caused an unexpected cold flaring (venting) event. At this stewardship meeting, CPEL was advised to apply for a new consent and informed that the matter would be referred to the NSTA's Disputes and Sanctions Team.

3.5. On **2 June 2022**, CPEL applied for a fresh consent seeking 162 tonnes per day. On **3 June 2022**, the NSTA reviewed and made multiple enquiries to CPEL in relation to the application and CPEL responded to these requests on the same day. The Buzzard field continued producing, and therefore, venting, through to **3 June 2022**, when a power generation issue experienced by the Buzzard platform caused it to shut-in. As a result of the shut-in, venting ceased on the **3 June 2022**. By this stage, 402.58 tonnes had been vented during the period from **31 May 2022** to **3 June 2022** (against a pro-rata consented amount of 6.78 tonnes for 154 days).

3.6. CPEL confirmed via email on **6 June 2022** that the Buzzard field had shut down due to issues within the power generation package, with a stated expectation that the "*plant will restart mid-week*". The Buzzard platform was restarted on **8 June 2022**, when the fuel gas system was brought back online following a wrap repair. Export recommenced on **9 June 2022** when CPEL did not have consent from the NSTA to further vent. At this stage a further 32.59 tonnes was vented due to a valve control issue when the fuel gas system was reinstated.

- 3.7. At the NSTA's request, CPEL provided daily venting figures to the NSTA between **1 June 2022** and **7 June 2022**. There was active engagement between the NSTA and CPEL between **2 June 2022** and **13 June 2022** whilst the new applications were being considered. CPEL exceeded its vent consent by 435.13 tonnes during the period from **31 May 2022** to **13 June 2022**.
- 3.8. A new consent was issued on **14 June 2022** permitting 17.545 tonnes per day to cover the period from **14 June 2022** to **31 December 2022**. This brought CPEL back into regulatory compliance for any further venting during the remainder of **2022**.
- 3.9. Part of the information that CPEL provided to the NSTA in responding to the investigation included that the venting involved a very limited hydrocarbon percentage as the gas being vented was from the acid stack. For this reason, the acid stack required assist gas in order to burn, but it was this assist gas which had to be turned off, leading to the venting event. Taking venting data from **9 June 2022**, of the 32.59 tonnes of gas that was vented, 6.6% of the acid gas vented constituted hydrocarbons.
- 3.10. CPEL also outlined the steps it has taken since the exceedance to communicate with CPEL staff regarding the impact of cold flaring (or venting) and lessons learned from this vent exceedance. These included:
 - 3.10.1. Raising the fact of the exceedance within the CPEL internal reporting system in order to communicate and investigate the event throughout CPEL.
 - 3.10.2. Conducting an internal investigation to prevent recurrences of the vent consent breach. The lessons learnt from this event were shared "cross-asset".
 - 3.10.3. A vent tracker was developed to improve monitoring.
 - 3.10.4. A cross-asset review was conducted to assess whether there could be other scenarios that could result in venting that needed to be accounted for in further vent consent applications.
 - 3.10.5. CPEL has revised its approach to consents, providing a contingency in the application which allowed for sufficient time to apply for a variation of the consent (should one be required).

Guidance

- 3.11. The introduction of the NSTA's Flaring and Venting Guidance ("**Flaring and Venting Guidance**") in **June 2021** provides the following description of the function of flaring and venting: "*Flaring and venting are controlled processes to dispose of gas, essential for emergency and safety purposes on oil and gas installations, and in situations where it may not be feasible for the gas to be used, exported or re-injected. Flaring is the injection of gas, and venting is the release of un-ignited gas.*" The Flaring and Venting Guidance also provides that "*Operators must inform the [NSTA] as soon as it becomes clear that there is a risk of flaring or venting consent breach*" that the NSTA "*...expects operators will not exceed flare or vent consent levels*"; and that a "*...[b]reach of consent may result in sanction under the terms of the licence.*"

- 3.12. The Flaring and Venting Guidance was shared and publicised on the NSTA website and remains available. It is the view of the NSTA that it is the responsibility of the operator to manage their consents, ensure that they have all necessary consents for their operations and that its allocations were properly calculated.
- 3.13. The NSTA considers that the effective management of flare and vent consents is a vital indicator of good stewardship of fields and terminals by operators and licensees. The management of flare and vent consents is an important component of a stable well-regulated environment in which industry, investors and the public can have confidence.

4. LICENSEES

- 4.1 Licences P928 and P986 have multiple licensees, however, CPEL was the operator for both licences at the time of the exceedance and was responsible for compliance with its consents. For this reason, the NSTA considers that any consideration as to a failure to comply with a petroleum-related requirement and whether to issue a sanction for such a failure relates to the conduct of CPEL alone.

5 CPEL'S REPRESENTATIONS

- 5.1 On **1 July 2024**, the NSTA issued a Sanction Warning Notice to CPEL stating that the NSTA was minded to issue a Sanction Notice. CPEL made representations to the NSTA in response to the Sanction Warning Notice. These representations, and the NSTA's response to those representations, are set out in **Annex A** below.

6 FAILURE TO COMPLY

- 6.1 Under section 42 of the 2016 Act the NSTA may issue a sanction notice where it considers that there has been a failure to comply with a petroleum-related requirement. A petroleum-related requirement includes a requirement imposed on a person by or under a provision of the 2016 Act which, by virtue of the provision, is sanctionable in accordance with Part 2, Chapter 5 of the 2016 Act.
- 6.2 Section 12A(1)(b) of the Energy Act 1976 ("**the 1976 Act**") states, in part, that the NSTA's consent is required to dispose of natural gas whether by flaring or releasing it unignited into the atmosphere in connection with activities carried out under a licence granted under section 2 of the Petroleum (Production) Act 1934 or section 3 of the Petroleum Act 1998. Section 12B of the 1976 Act provides that the requirements under section 12A are to be treated for the purposes of Part 2, Chapter 5 of the 2016 Act as petroleum-related requirements.
- 6.3 CPEL is, and was at the relevant time, the operator for the Buzzard field under licences P928 and P986. The Consent was issued under licences P928 and P986 for the period **1 January 2022 to 31 December 2022** and allowed for 0.044 tonnes of gas to be vented per day (amounting to 16.06 tonnes for the 365-day period of the consent).
- 6.4 Licence P928 was issued under section 2 of the Petroleum (Production) Act 1934 and licence P986 was issued under section 3 of the Petroleum Act 1998. Both licences are, subject to the requirements set out in section 12A(1)(b) of the 1976 Act.

- 6.5 CPEL has failed to comply with the requirement under section 12A(1)(b) 1976 Act to have obtained the consent of the NSTA prior to disposing of natural gas (whether from source or elsewhere) when it released 435.13 tonnes of unignited gas into the atmosphere in connection with activities under a petroleum licence.
- 6.6 For the period from **31 May 2022** to **3 June 2022**, CPEL vented 402.58 tonnes. The Consent permitted 16.06 tonnes of venting in total for the year. When the Buzzard platform restarted production on **9 June 2022** it vented a further 32.59 tonnes.
- 6.7 Section 12A(3) of the 1976 Act provides an exemption from obtaining consent to dispose of gas where it is necessary to dispose of the gas in order to avoid the risk of injury, that the need to dispose of the gas could not reasonably have been foreseen and it was not reasonably practicable to obtain consent to dispose of the gas in the time available. CPEL made representations asserting that the exception in section 12A(3) of the 1976 Act applies in the circumstances of this matter. These representations are summarised at paragraph 10 of **Annex A**. For the reasons set out in paragraphs 11 to 13 of **Annex A**, the NSTA does not consider that the exemption in section 12A(3) of the 1976 Act applies.
- 6.8 The NSTA has determined that the Breach constitutes a failure to comply with a petroleum-related requirement. The NSTA considers that the appropriate action is to issue a Sanction Notice to CPEL for this failure to comply.

7 THE SANCTION

- 7.1 By virtue of section 12B(2) of the 1976 Act, where there is a failure to comply with the requirements under section 12A of the 1976 Act the only available sanction is a financial penalty notice.
- 7.2 The NSTA has decided to issue a Sanction Notice imposing a financial penalty of **£125,000.00** ("**the Financial Penalty**") in respect of the Breach. In arriving at the level of the proposed Financial Penalty, the NSTA has had regard to those matters listed in section 8 of the 2016 Act, in particular the need to maintain a stable and predictable system of regulation which encourages investment in relevant activities.
- 7.3 Taking enforcement action in respect of a failure to hold the necessary statutory consent helps maintain a stable and predictable system of regulation by demonstrating how the NSTA is acting to ensure that regulatory obligations are complied with.

Consideration of the NSTA's Sanction Guidance and Financial Penalty Guidance

- 7.4 In deciding the level of financial penalty to impose in respect of the Breach, the NSTA has had regard to its Financial Penalty Guidance.
- 7.5 Further, the NSTA has considered carefully the aims set out in paragraph 24 of the Sanction Procedure Guidance² and paragraph 16 of the Financial Penalty Guidance, which are that any financial penalty determined should be among other things:

- 7.5.1 effective in addressing the underlying cause for the failure to comply;

² [NSTA Sanction Procedure, 4 November 2022.](#)

- 7.5.2 dissuasive of future failure to comply, either by the person or, further to publication of the Sanction Notice, other persons in similar circumstances; and
- 7.5.3 proportionate to the significance of the failure in the context of the petroleum-related requirement and the impact on the relevant persons.
- 7.6 The NSTA considers that it would be appropriate to impose a sanction in respect of the Breach and that a financial penalty set at **£125,000.00** would send a strong message to CPEL and other persons in similar circumstances that the NSTA takes compliance with the need to have appropriate venting consents in place seriously. In that regard, the NSTA considers that the level of the Financial Penalty would be effective in addressing the underlying cause of the Breach and dissuasive of future failures to comply with regulatory obligations. The NSTA believes such a penalty is proportionate to the significance of the Breach.
- 7.7 Paragraph 17 of the NSTA's Financial Penalty Guidance sets out various matters that the NSTA may also take into account when determining the amount of a financial penalty, as follows:

The extent to which CPEL may have sought to benefit from the failure to comply

- 7.8 There is no evidence currently before the NSTA to suggest that CPEL sought to benefit from the failure to comply.

Whether CPEL gained as a consequence of the failure to comply

- 7.9 There is no evidence currently before the NSTA to suggest that CPEL gained (financially or otherwise) from the failure to comply other than being able to vent more than consented for and by continuing with production.

The severity of failure to comply

- 7.10 The NSTA has repeatedly signalled to Industry that compliance with its regulatory obligations is vitally important to sustaining the Industry's social licence to operate in the UKCS.³ The NSTA notes section 8(1) of the 2016 Act as to what it must have regard to when exercising its functions, in particular maintaining a stable and predictable system of regulation which encourages investment in relevant activities. A failure to comply with the terms and conditions of a licence or consent has the potential to undermine public confidence in the ability of Industry to operate within prescribed limits which in turn impacts and/or affects Industry's social licence to operate. It may also undermine the confidence of investors and has the potential to undermine the authority of and confidence in the regulator.
- 7.11 CPEL initially breached its vent consent between **31 May 2022** and **3 June 2022** only to further breach its vent consent on **9 June 2022** when it restarted production. The fact that CPEL on two separate occasions breached its consent has been considered when assessing the severity of the failure to comply.

³ E.g. [NSTA Industry Electrification letter \(nstauthority.co.uk\)](https://www.nstauthority.co.uk)

The degree of harm caused, or increased costs incurred by the failure to comply

- 7.12 CPEL's failure to comply undermines trust and confidence in CPEL's asset management and its oversight of its regulatory obligations.

Whether there are any relevant industry Codes of Practice

- 7.13 Whilst the NSTA has issued the Flaring and Venting Guidance, there are no industry codes of practice governing flaring and venting.

The duration of the contravention

- 7.14 There were two distinct breach events which occurred between **31 May 2022** and the shut in at 20:20 hrs on **3 June 2022** and from the re-starting of production at 10:42 hrs on **9 June 2022** to 23:59 on **13 June 2022**, which is a period of nine days.

Mitigating and aggravating circumstances

- 7.15 The NSTA's Financial Penalty Guidance states that the NSTA may take into account the mitigating (paragraph 17.2) and aggravating (paragraph 17.3) factors.

Mitigating circumstances

- 7.16 The NSTA considers the following to be mitigating circumstances and has taken these into account when proposing the fine level:
- 7.16.1 CPEL informed the NSTA that it had exceeded the Consent.
 - 7.16.2 CPEL has fully co-operated with the NSTA's investigation.
 - 7.16.3 As a result of the exceedance, CPEL has taken steps to address its systems and processes, as set out in paragraph 3.10 above, to avoid a future similar breach of its vent consent.

Aggravating circumstances

- 7.17 The NSTA considers the following to be aggravating circumstances and has taken these into account when proposing the fine level:
- 7.17.1 CPEL was fully aware that it did not have consent to vent yet continued to do so on two separate occasions. CPEL continued to vent from the point that it identified that it had exceeded the Consent on **31 May 2022** through to being forced to shut-in due to a generator issue on **3 June 2022**. It then restarted production without consent on **9 June 2022** and continued venting for a further four days without a valid vent consent being in place. Whilst CPEL state that they vented small amounts (0.044 tonnes per day) during the period that they shut-in, this appears to be based on unmetered figures. CPEL venting without consent for at least nine days indicates a failure by CPEL to have in place robust processes and procedures to ensure compliance with CPEL's regulatory obligations.

7.17.2 CPEL initially breached its vent consent between **31 May 2022** and **3 June 2022** only to further breach its vent consent on **9 June 2022** when it restarted production. That CPEL, having already exceeded its consent, further vented having taken positive steps in restarting production and thereby further exacerbated that breach, is considered an aggravating circumstance.

7.18 Due to the factors set out above, the NSTA has decided to issue a Sanction Notice imposing a financial penalty of **£125,000.00**.

8 PUBLICATION OF THE SANCTION NOTICE

8.1 Pursuant to section 53 of the 2016 Act, the NSTA may publish details of any Sanction Notice given in accordance Chapter 5 of the 2016 Act.

8.2 The NSTA may not publish anything that, in the NSTA's opinion is (a) commercially sensitive; (b) not in the public interest to publish; or (c) otherwise not appropriate for publication.

8.3 The NSTA does not consider that the Sanction Notice contains any commercially sensitive information. Further, the NSTA considers that publication of the Sanction Notice without redaction is both in the public interest and appropriate. The NSTA considers that the public interest in publishing the Sanction Notice includes:

8.3.1 developing public and investor confidence in the UK basin by demonstrating how the NSTA is acting to ensure that regulatory obligations are complied with;

8.3.2 encouraging licensees to come forward with information that can assist NSTA investigations;

8.3.3 enhancing licensee and public understanding of when the NSTA does, and does not, consider it appropriate to take enforcement action, and 8 Energy Act 2016, section 53(2); and

8.3.4 providing a means of achieving due process and ensuring that parties directly involved in the case are treated fairly.

8.4 Therefore, the NSTA considers it appropriate to publish the Sanction Notice.

On and Behalf of the NSTA Board

ANNEX A

CPEL's representations and the NSTA's responses to those representations are set out below.

Safety

CPEL representation

- 1 CPEL stated that the decision that it took to continue production at the Buzzard facility without a vent consent was in line with its obligations as a reasonable and prudent operator. CPEL stated that shutting down the Buzzard facility presents risks to personnel and exposure to incremental volumes of emissions. CPEL was also concerned that a shutdown of the Buzzard facility would have a wider impact on the Forties Pipeline System, of which Buzzard is a significant contributor. CPEL was concerned that a shutting down of the Buzzard facility, and therefore cutting off the flow of petroleum to the wider Forties Pipeline System, could have had a wider impact on other facilities connected to that system.

NSTA response

- 2 All operators are expected to operate their systems in a safe way. This should include being able to shut down their facilities safely and without causing wider impact on the systems which they are connected to in order to transport the product from their facility. It is of note, in this respect, that the Buzzard facility safely shutdown on **3 June 2022**.
- 3 The obligation is on licensees and operators to have in place the appropriate regulatory consents that permit them to operate. In the circumstances, CPEL continued to produce, and therefore vent, without the requisite consent from the NSTA until CPEL was required to shut-in the Buzzard facility due to a generator issue.
- 4 Irrespective of the decision by CPEL to not shut-in until a generator issue required such a shut-in, CPEL then restarted production on **9 June 2022** and continued to vent outwith a consent issued by the NSTA permitting such venting.

The events which caused the Buzzard facility to vent outwith a consent to do so were unavoidable and not reasonably foreseeable

CPEL representation

- 5 CPEL asserted that the events that led to the additional venting were not reasonably foreseeable, and this led to the volumes permitted in the Consent to be set at a low level. This further entailed that when the events that caused the exceedance occurred, a breach of the Consent was unavoidable. This issue was corrected in the fresh consent issued on **14 June 2022** with increased levels of venting being permitted to cover unanticipated events. CPEL asserted that, in any case, the amounts vented in exceedance of the Consent were largely offset by a reduction in flaring volumes.
- 6 CPEL further asserted that the valve control issue, identified at the restart of the facility on **9 June 2022** and which caused further venting, could not have been anticipated. The valve issue was not apparent until start-up commenced. On **9 June 2022**, CPEL advised the NSTA that export had recommenced. At the time of restarting the Buzzard facility, the risk of a valve issue causing the

venting of gas in excess of 0.044 tonnes per day provided for within the Consent could not have been foreseen.

NSTA response

- 7 The NSTA considers that it is the responsibility of the operator to anticipate circumstances where venting might occur and make reasonable provision for such events within their applications for vent consents. CPEL had not made such a provision which meant that the venting that occurred between **31 May 2022** and **3 June 2024** was not covered by a consent.
- 8 CPEL are not in a position to claim that the 0.044 tonnes per day provided for under the Consent was available to them upon the startup of the facility on **9 June 2022** as the Consent had permitted the venting of 16.06 tonnes over the course of the year through to **31 December 2022**. CPEL had already exceeded this amount having vented 402.58 tonnes by **3 June 2022**. As such, due to such a significant exceedance, there was not in existence a consent from the NSTA which permitted further venting by CPEL at the time that the Buzzard facility restarted.
- 9 The requirement to obtain a consent from the NSTA to release natural gas unignited into the atmosphere is separate from the requirement to release flared, or ignited gas, into the atmosphere. As such, it is not open to offset the venting of natural gas unignited into the atmosphere as against a reduction in the flaring of ignited gas.

Exemption under section 12A(3) of the 1976 Act

CPEL representation

- 10 On the basis of its representations set out above regarding safety and CPEL's assertion that the breach of the Consent was unavoidable, CPEL further claims that the exemption under section 12A(3) of the 1976 Act applies. This provides an exemption from obtaining consent to dispose of gas *where it is necessary* to dispose of the gas in order to avoid the risk of injury, that the need to dispose of the gas could not reasonably have been foreseen and it was not reasonably practicable to obtain consent to dispose of the gas in the time available.

NSTA response

- 11 The NSTA considers that the exemption set out in section 12A(3) of the 1976 Act does not apply in the circumstances faced by CPEL between **31 May 2022** and **13 June 2022**. In particular, for the exemption set out in section 12A(3) of the 1976 Act to be operable, the disposal of gas must be necessary in order to avoid the risk of injury. CPEL has asserted that it was necessary for safety reasons to turn off the fuel gas that supported the ignition of the acid stack and that this step was necessary in order to avoid injury.

- 12 While the stopping of the fuel gas to the acid stack on **31 May 2022** was action CPEL took in response to apparent concerns over safety, the disposal of gas by continuing to vent through the acid stack was not necessary in order to reduce or avoid the risk of injury to any person. CPEL continued to vent natural gas between **31 May 2022** and **3 June 2022**, when the facility shut down as a result of another issue. CPEL then restarted the facility on **9 June 2022** and continued venting without a valid consent until a new vent consent was issued on **14 June 2022**.
- 13 For these reasons, the NSTA does not consider that the exemption within section 12A(3) of the 1976 Act applies.

CPEL fully engaged with the NSTA and acted with the tacit approval of the NSTA

CPEL representation

- 14 CPEL has asserted that, at all times, it engaged with the NSTA regarding the situation in relation to the facility, from the point that it had identified that it had exceeded its vent consent to the point when it returned to regulatory compliance with the issuing of a fresh vent consent. Throughout this period, CPEL provided daily updates to the NSTA. CPEL asserts that at no stage did the NSTA raise objections regarding CPEL continuing to produce and, therefore, vent. CPEL further asserts that the NSTA did not object to CPEL restarting the Buzzard facility and, therefore, CPEL had the NSTA's tacit approval to conduct itself as it did. Further, CPEL assert that the NSTA supported CPEL's actions at the time.

NSTA response

- 15 Under the 1976 Act, operators are required to obtain the consent of the NSTA prior to venting natural gas as part of their processing operations. CPEL has operated under these arrangements for several years and therefore understood that there was a formal process in place for obtaining statutory consent to dispose of gas, i.e. it was not possible to obtain informal consent from the NSTA.
- 16 The NSTA had been clear in its communications with CPEL that it would not be in a position to consider its application for a new consent until **8 June 2022**. The NSTA did not give any indication that it approved of venting prior to CPEL being issued a formal consent on **14 June 2022**. It could not reasonably be inferred that the NSTA had given informal or tacit approval to CPEL to vent outwith a consent, particularly given CPEL's engagement in the formal application process for the fresh vent consent. It is therefore not credible for CPEL to argue that it had understood that any venting during this period would be covered by some form of tacit approval from the regulator.
- 17 The NSTA expects operators to engage proactively with the NSTA where concerns arise in respect of a regulatory consent. CPEL complied with this expectation and continued to engage with the NSTA throughout regarding its actions. At no time during this period did the NSTA give any indication that CPEL had the NSTA's approval, or supported its actions, in disposing of gas unignited ahead of the issuing of a new consent. Furthermore, at the Stewardship Meeting with the NSTA Consent Team held on **2 June 2022**, CPEL was informed that the exceedance of its consent was being referred to the NSTA's Disputes and Sanctions Team, further emphasising the NSTA's disapproval for venting outwith formal consent.

Delay in processing the application by the NSTA

CPEL representation

- 18 CPEL asserts that the application for the replacement for the Consent was submitted on **2 June 2022**, and they promptly followed up to all the subsequent queries about the application. CPEL also highlight that the new consent was not issued until **14 June 2022**, which it calculates as twelve days after the application for a new consent was submitted.

NSTA response

- 19 In the NSTA's Flaring and Venting Guidance, it is made clear that:

“Any request for increased flaring and venting consent should be considered as a last resort. The [NSTA] will take a robust approach to considering any increases and operator justifications will be heavily scrutinised.”

- 20 The NSTA Consent Team held a Stewardship Meeting with CPEL on **2 June 2022**, the day after the NSTA had been informed that the Consent had been exceeded. At the meeting, CPEL was told to submit a new consent, which CPEL submitted the same day. The duty is on operators to fully understand their regulatory obligations and submit applications which contain sufficient information for the NSTA to be able to critically appraise and make an effective decision as to whether the application can be granted. In this instance, the NSTA had to seek clarifications from CPEL on a number of occasions in relation to CPEL's applications.
- 21 CPEL submitted a new application on **2 June 2022** seeking a short-term consent through to **28 June 2022** to vent 162 tonnes per day for the period. The NSTA challenged this amount because, once the fuel line had been fixed, venting amounts should have returned to normal levels. A revised application was submitted to the NSTA on **10 June 2022**, by which stage the fuel line was back online. This application requested 0.044 tonnes per day, which was based on the amount in the Consent. On reviewing the application, the NSTA scrutinised the volume requested as it did not provide for future possible venting events. Accordingly, CPEL submitted a third further revised application on **14 June 2022**, which sought 17.545 tonnes per day through to **31 December 2022**. This was granted the same day.

That there were clear mitigating circumstances that justify CPEL's actions and that the issuing of a Sanction Notice is not required

CPEL's representations

- 22 CPEL asserts that this was the first occasion that an incident of this nature had occurred with its acid gas stream at the Buzzard facility. The events in question occurred some time ago now where the underlying causes have long since been addressed and have not been repeated across any of the CPEL operated platforms. In the circumstances, CPEL asserts that the need to issue a Sanction Notice is not made out. In light of the stated mitigating circumstances in which the events occurred, CPEL requested that no further action be taken.

NSTA response

- 23 For the reasons set out in this Sanction Notice, including the matters set out in this Annex, the NSTA considers that it is appropriate to issue a Financial Penalty Notice to CPEL for its failure to comply with a petroleum-related requirement.
- 24 The NSTA relies on its assessment made in paragraphs 6.1 to 7.18 within this Sanction Notice regarding its reasons for issuing this Sanction Notice.