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Observations of La'o Hamutuk on the EIA for the proposed Exploratory Drilling Campaign in Block-K, offshore Timor Leste and comments/clarifications by M/s Reliance Exploration & Production DMCC

Reliance Exploration and Production DMCC (REPDMCC) has undertaken the Environmental Impact Assessment study and incorporated the Environment Mitigation plans in the EIA report and submitted to DNMA on 11.6.2010 in compliance with the requirements of seeking Environmental permissions prior to commencement of Exploratory drilling in the Block K in Timor Leste Exclusive waters in Timor Sea. The studies were undertaken by engaging a locally registered EIA consultant, M/s Ecoral Technologies after following the procedure of publication of Expression of Interest (EOI) in the local newspapers for selection of consultants.

M/s La'o Hamutuk (LH) an NGO based in Timor has forwarded their observations on the EIA report and also published the same in their web site. The observations inter alia attempt to undermine the efforts and credentials of REPDMCC and their consultants for undertaking the above exploratory drilling campaign in the Timor Leste exclusive waters for the first time. While we welcome the efforts of LH for their interest in the study of EIA report in the public interest of protection of marine environment in Timor, REPDMCC, on their part also put their best efforts to make the drilling campaign successful with due care for environmental mitigation and the conservation. Our experience of working in the offshore E&P industry in the past one decade gave us the confidence of undertaking similar work elsewhere with full compliance to the international standard practices and guidelines. Our proposal in Timor Leste is not different from our practices elsewhere and we are fully committed to the environmental protection in the areas of our operations.

In order to clarify our position on the observations of LH, we wish to furnish the following parawise comments and clarifications for your perusal and follow up while processing our project for the environmental permissions.

- 1. DNMA should not approve this document:** While LH can have their own reasons to believe that the document prepared by REPDMCC is not adequate to their satisfaction, their contention should have been supported by proper reasons on established scientific basis and practices followed by the industry. REPDMCC has put in all out efforts to prepare the document through their consultants M/s Ecoral technologies whose credentials are given in the EIA report, having involvement of international environmental experts in their panel and supported by local representatives for support. We have every reason to convince that the EIA

document meets the criteria defined under the Timorese legislations and meets the expectations of the stakeholders with regard to the protection of environment in and around the project areas in the exploratory drilling campaign in the sea, far away in the open ocean, at approx 120 km from the coast.

The comment that the report does not address the specific plans for mitigation of environmental impacts is far from true. Chapters 3-6 address the identification of operational environmental impacts, assessment of impacts and mitigation measures identified with clear responsibilities. The actions identified by the consultant are binding on the REPDMCC for implementation as reflected in the responsibility matrix.

The environmental monitoring plan in Chapter 8 has all the descriptions of specific parameters to be monitored, schedules of monitoring and the details of monitoring plan. The plans also address the requirements of systems monitoring, ambient environmental monitoring and audits also with clear schedules. REPDMCC would have appreciated if LH made any specific comments on the adequacy and monitoring details of the plan. The components of the monitoring plan are binding on REPDMCC for implementation.

- 2. Reliance misunderstands DNMA role:** LH attempted to mislead about the credentials of REPDMCC with regard to its role with DNMA. At no point of time in the total campaign of exploration, REPDMCC never undermined or shown any disrespect to any Government or non-government agency in Timor including DNMA. REPDMCC has successfully completed the seismic campaign in 2008/9 with full regard the commitments to the environment in Timor and full compliance to the Environmental Plan.

The reference of deemed decision/approval after submission of relevant document to regulatory authorities is common in most of the countries and the EIA report only spells such framework in the context of Timor legislation. The sentence thus translated from Indonesian regulation only reflects the framework and not for showing any disrespect what so ever. It is ultimately DNMA's decision to approve or reject or seek amendments to the EIA/EP as per the legislative framework and the proponent has no role in such decision making process of the Government.

- 3. Reliance has created conflict of interest in Timor-Leste regulation:** La'o Hmatuk attempts to tarnish the image of REPDMCC by quoting the activities of one of its former employees who is currently serving in Timor. REPDMCC and its parent company RIL has over thousands of employees on its roles and is one of the biggest employer in the Indian sub continent. After any employee leaves the organization with proper departure formalities, RIL or its group companies have no

official relationships with the individual. The individual remains free to work any where in the world subject to acceptance by any potential employer.

LH referred about an individual who worked with RIL in the past, has no role to play in the project from the proponent's side. He or his relatives and other relationships have no bearing to the project or project related work as long as RIL follows the administrative and legal procedures duly.

REPDMCC has engaged the services of a Timor based Environmental consulting firm based on the approved process of Expression of Interest (EOI) floating in the local news papers in Timor. Vide our advt. dated 19th Nov 2009, EOS was floated in the prominent local newspapers (Timor Post & Suaratimorlosae) in Timor for which we received only one qualified offer for the environmental services from M/s Ecoral from Timor. As Ecoral has shown capabilities of undertaking EIA studies and is based in Timor, we considered their offer and in order to have competition among regional consultants, we also sought bids from M/s RPS Energy, Australia and M/S ERM Indonesia. But these firms also have not shown interest in undertaking the EIA studies in Timor. The only consultant qualified in the bidding process was M/S Ecoral Technologies who met the qualifying requirements and accordingly we communicated our intention to engage this consultant to both ANP and DNMA. As we have followed due procedure of engaging consultants per approved procedures, we have no reason to verify the antecedents and relationships of the personnel engaged in the firms which is against the business ethics.

- 4. This EIA is not specific and Reliance should rewrite it:** REPDMCC is surprised to see a comment like this from LH who has any experience of dealing with offshore E&P operations. The consultants who prepared the document have over 2-3 decades of experience in Environmental related subject in E&P operations worldwide and have exposure of dealing with environmental mitigation in offshore drilling and production operations. LH is probably is not aware of the fact that the environmental aspects associated with the drilling operations are more or less similar and do not differ significantly with the type of rigs being deployed. REPDMCC has, however clearly spelt out the type of rigs being deployed and the number of supply vessels being engaged in the campaign. Also the specifications of such vessels are also given in the Annexure. The components which are relevant to environment are adequately addressed in the EIA irrespective of the name of the rig. The rig and vessel selection goes with several criteria including the mobilization and rig availability, though it would not change any environmental impacts and aspects associated with the campaign.

The EIA report is prepared by the third party consultants for approval by the regulating agency and the recommendations and plans proposed there in, would

become commitments by the proponent. This approach is followed every where in the E&P industry. In the current context also, the recommendations of mitigation and monitoring etc given in the EIA report would be binding on the REPDMCC for implementation.

The document clearly spells out the responsibilities of personnel associated with the drilling campaign including the Offshore Installation Manager (OIM). Even though he is not a RIL employee all the responsibilities of the project EIA are binding on the contractor as per the contractual agreements. The EIA report (chapters 5&6) clearly spell out the use of Water based muds primarily and may use Synthetic based muds based on operational need and addressed all the environmental impacts and mitigation measures relevant to the subject.

5. This EIA includes much outdated, vague and inaccurate information: While LH has given some valuable inputs from their access to the information on social aspects from local sources, some of this information has no primary relevance to the environmental impacts identified for the offshore drilling or assessment of the project.

- LH has not understood the statement on the use of oil spill resources available with the JPDA operators, in case of any major spills in this campaign, which is a common practice of pooling up resources in case of contingencies
- EIA Consultant relied on the available information from public sources with no intention of showing any disrespect to any agency or group what so ever.
- As the information in the Timor Sea is sparse, the consultant relied on valuable information in the outer continental shelf and other adjacent regions which is an acceptable practice in the EIA.
- LH has given some updated information form UNDP and community data from their available records which add value, but this information would not add much to the overall intent of the EIA of exploratory drilling in the open sea
- The statements of short term effects on climate change, flaring etc are adequately addressed in the impact assessment chapters
- LH undermines the prospects of development if the exploratory drilling campaign proves successful which enhances the general economy of the region

6. The danger of huge spills and other accidents must be seriously considered:

It is a fact that the E&P industry is passing through troubled times with two major incidents in the recent past (Timor Sea and Gulf of Mexico). These details are explicitly mentioned in the EIA report. Occurrence of a blow out is a worst case scenario in upstream industry and though the probably of occurrence is small, the

consequences are disastrous. There are several engineering and procedural controls to avert a blow out and during any unfortunate event, the oil spill would be major consequence. The EIA report clearly spells out different categories of spills and the response strategies including the resources required and mobilized. Arrangements for small, medium and large scale spills are identified and details or membership arrangements with international spill control providers are given. The details given in the Oil spill response plan clearly reflect the seriousness of the issue and at no point, REPDMCC has shown any slackness or undermining the sensitivity of the issue.

On the reporting arrangements, the EIA report spells out the need to report all incidents to DNMA and ANP as they are the regulating agencies and are required to be aware of the incidents. This is not in consideration of providing support in terms of resources but in support in the mobilization of all resources from elsewhere and the other operators also. LH also raised several queries with regard to mobilization of equipment and services in case of emergencies. REPDMCC has the experience and knowledge of dealing with emergencies in Ethe E&P business with time tested contingency plans in place and resources and communication arrangements as given in the report.

- 7. Disposal of toxic and solid waste should be specified and planned:** The EIA report clearly spelt out the types of wastes generated and the arrangements proposed. With regard to the disposal of oily hazardous wastes, it was suggested to make arrangements in Timor as REPDMCC is the first E&P Company planning to operate the shore base from Dili port in order to use the facilities in the Timor Leste. Considering the advantages of using this port, it is prudent to expect support from local authorities and agencies including LH to give any credible alternatives for disposal of these wastes in a safe manner. If such arrangements cannot be provided the proponent will have the option of taking the wastes away to other countries along with the rig/vessels for suitable authorized disposal. These details are explicitly mentioned in the report.
- 8. Other observations:** REPDMCC shall take note of the suggestions of LH on the immigration formalities of foreign workers and the employment opportunities to local workers. Because of our business in Timor, Reliance and our consultants engaged some Timorese personnel and are assisting with building local capacity to service the oil/gas industry.