

No.10-28/2004-IA-III
Government of India
Ministry of Environment & Forests
(IA-III Division)

Paryavaran Bhavan,
CGO Complex, Lodi Road,
New Delhi-110003.

Dated the 31st March, 2006

Sub: Exploratory drilling in onshore area of PKGM-1 Block located in Chirrayanam village, Uppulaguptam Mandal in East Godavari District by M/s Cairn Energy India Private Limited - Environmental Clearance regarding.

This has reference to letter No.1676/SADA/2004, dated 18.5.2004 and dated 19.5.2004 from Environment Forests Science and Technology Department, Government of Andhra Pradesh, NOC from Andhra Pradesh Pollution Control Board issued vide Letter No.APPCB/VSP/RJY/547/HO/2003/95, dated 29.12.2003 and letter No.QHSE-PKGM-03, dated 6.2.2004, No.QHSE/11/EC/PKGM/04, dated 22.11.2004 and No.QHSE/08/EC/PKGM/06, dated 30.8.2005 from M/s Cairn Energy India Private Limited regarding the above project.

The project involves exploratory drilling in onshore area of PKGM-1 Block along east coast of India in Bay of Bengal. The block includes onshore and offshore area within the latitude 16°20'44.8"N to 16°33'26.6" and 82°04'17.3" to 82°19'04.3" longitude. The proposed exploratory wells fall within the jurisdiction of Chirrayanam Village, East Godavri district. M/s Cairn propose to take up the exploratory drilling of 2 wells at 4 locations namely, TZ-1, 2, 3 and 4. The project does not involve any eco sensitive area including mangroves. As per the report received from Andhra Pradesh Coastal Zone Management Authority, the area of the block is classified as Coastal Regulation Zone-III as per the approved Coastal Zone Management Plan.

The Ministry of Environment & Forests hereby accords environmental clearance under Coastal Regulation Zone Notification, 1991 subject to strict compliance of the following conditions:-

A. SPECIFIC CONDITIONS:

- (i) It should be ensure that the drilling site will be constructed in such a manner to avoid the any offsite emergencies such as fires and explosions. Though, the drilling pad would occupy and area of approximately 5000 m² (70 m X 70 m), an area of about 2.2 ha (150 m X 150 m) should be made available at each drill site. The rest of the area should serve as buffer zone and should be used for housing containers, drilling pipes, material storages, workshops, etc.
- (ii) Since "blow out" can cause destruction of drilling rig, precautions should be taken to prevent blowouts. All measures indicated in the risk assessment should be implemented.
- (iii) Drilling bore wells in the inter tidal/transition zone for augmenting water supply to the work is not permissible. Proponent should make alternate arrangements.
- (iv) Hydro carbon releases should be prevented.
- (v) No flare pit to flare hydrocarbon should be located within 500 mts from the habitations.
- (vi) No activity should be carried in mangrove and fish breeding mudflat.
- (vii) The discharge of drilling slurries, wastewater should not be allowed to enter coastal water.

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- (viii) Approval from DG Shipping under the Merchant Shipping Act prior to commencement of the drilling operations should be obtained.
- (ix) Use of diesel base mud is prohibited. Only water based drilling fluids / mud should be used for the drilling operation. As reflected in the EMP the drilling fluid should be recycled to a maximum extent. There should be no discharge of drilling fluid / mud / cuttings into sea. The unusable drilling fluid and entire drill cuttings should be disposed off onshore in a well designed pit lined with impervious liner. The disposal pit should be provided with leakage collection system. Design details of the waste disposal pit, capping of disposal pit should be approved by the Andhra Pradesh Pollution Control Board. The waste pit after it is filled up should be covered with impervious liner over which, a thick layer of native soil with proper slope should be provided.
- (x) The chemical additives used for preparation of drilling fluid (DF) should have low toxicity i.e., 96 hr LC50 > 30,000 mg/l as per mysid toxicity test conducted on locally available sensitive sea species. The chemicals used (mainly organic constituent) should be bio-degradable.
- (xi) Barite used in preparation of DF should not contain Hg > 1mg/ kg and Cd > 3mg/ kg.
- (xii) Drilling waste water including drill cuttings wash water should be collected in the disposed pit, evaporated and treated and should comply with notified standards for on-shore disposal. The company should get analysed the drill cuttings generated from each well from any recognized laboratory for its characteristics and results should be submitted to Ministry of Environment & Forests/CPCB/ Andhra Pradesh Pollution Control Board periodically.
- (xiii) The used oil generated from drill site should be collected and sold to registered recyclers having environmentally sound management facility.
- (xiv) In case the commercial viability of the project is established, the company will prepare a detailed plan for development of oil and gas fields and obtain fresh clearance from the Ministry.
- (xv) Adequate infrastructure facilities should be provided near the off-shore installations so that booms, skimmers, chemical dispersants could be deployed immediately in case of oil leakage from the installation. Appropriate Oil Spill Management Plan should be drawn and efforts should be made to curtail the oil slick within 500 meters of the installation and accordingly, action plan and facilities to check the oil slick beyond 500 meters should be provided.
- (xvi) No drilling well should be located in mangrove area.
- (xvii) It shall be ensured that during movement of man and material no destruction of mangroves is carried out.
- (xviii) No groundwater from Coastal Regulation Zone area should be tapped for the project.
- (xix) The solid waste generated during the drilling process and from the equipment should be disposed of safely in consultation with Andhra Pradesh State Pollution Control Board.
- (xx) The solid waste generated from the drill cutting, solar evaporated drilling mud sediments should be disposed off in the TSDF facility approved by the Andhra Pradesh Board.
- (xxi) No camp sites for labours should be set up in Coastal Regulation Zone area. The toilets to be constructed in Coastal Regulation Zone areas should have septic tank and soak pit.
- (xxii) The waste water generated from the project shall be treated and disposed of as per the norms laid down by Andhra Pradesh State Pollution Control Board.
- (xxiii) Oil blow out preventing device to be provided against the hazard of oil blow out.

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(xxiv) Hydrocarbon leak due to loss of containment to be checked and prevented.

(xxv) The project proponent shall also comply with the environmental protection measures and safeguards recommended in the EIA/EMP/DMP report.

B. GENERAL CONDITIONS:


- (i) The Project authority must strictly adhere to the stipulations made by the Central Government as part of any International Convention (s) or Merchant Shipping Act.
- (ii) The project authorities must strictly adhere to the stipulations made by the Gujarat State Pollution Control Board and the State Government.
- (iii) No further expansion or modifications in the plant should be carried out without prior approval of the Ministry of Environment & Forests. In case of deviations or alterations in the project proposal from those submitted to this Ministry for clearance, a fresh reference should be made to the Ministry to assess the adequacy of conditions imposed and to add additional environmental protection measures required, if any.
- (iv) The project must strictly adhere to the regulations made by MARPOL convention 1973/1978 for setting limits, for discharges from offshore oil/gas exploration and production activities.
- (v) The project authorities must strictly comply with the rules and regulations under:- Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989 as amended on 3rd October 1994. Prior approvals from Chief Inspectorate of Factories, Chief Controller of Explosives, Fire Safety Inspectorate etc. must be obtained wherever applicable.
- (vi) The project authorities must strictly comply with the rules and regulations with regard to handling and disposal of hazardous wastes in accordance with the Hazardous Wastes (Management & Handling) Rules, 1989/2003 wherever applicable. Authorization from the State Pollution Control Board must be obtained for collections/treatment/storage/disposal of hazardous wastes.
- (vii) The overall noise level in and around the rig area should be kept well within the standards (85 dBA) by providing noise control measures including acoustic hoods, silencers, enclosures etc. on all sources of noise generation. The ambient noise levels should conform to the standards prescribed under EPA Rules, 1989 viz. 75 dBA (day time) and 70 dBA (night time).
- (viii) A separate environmental management cell equipped with full fledged laboratory facilities must be set up to carry out the environmental management and monitoring functions.
- (ix) The project authorities will provide adequate funds both recurring and non-recurring to implement the conditions stipulated by the Ministry of Environment & Forests as well as the State Government along with the implementation schedule for all the conditions stipulated herein. The funds so provided should not be diverted for any other purpose.
- (x) The implementation of the project vis-à-vis environmental action plans will be monitored by Ministry's Regional Office at Bhopal/State Pollution Control Board/Central Pollution Control Board. A six monthly compliance status report should be submitted to the monitoring agencies.
- (xi) The Project Proponent should inform the public that the project has been accorded environmental clearance by the Ministry and copies of the clearance letter are available with the State Pollution Control Board/Committee and may also be seen at Website of the Ministry and Forests at <http://www.envfor.njc.in>. This should be advertised within seven days from the date of issue of the clearance letter in at least two local newspapers that are widely circulated in the region of which one shall be in the vernacular language of the locality concerned.

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(xii) The Ministry may revoke or suspend the clearance, if implementation of any of the above conditions is not satisfactory.

(xiii) The Ministry reserves the right to stipulate additional conditions if found necessary. The company will implement these conditions in a time bound manner.

The above conditions will be enforced, inter-alia under the provisions of the Water (Prevention & Control of Pollution) Act, 1974, the Air (Prevention & Control of Pollution) Act, 1981, the Environmental (Protection) Act, 1986, Hazardous Wastes (Management and Handling) Rules, 2003 and the Public Liability Insurance Act, 1991 along with their amendments and rules.



(A. Senthil Vel)
Additional Director

To

The Chairman & Managing Director,
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Copy to:-

1. Chairman, Central Pollution Control Board, Parivesh Bhavan, CBD-cum-Office Complex, East Arjun Nagar, Delhi-110032.
2. The Chairman, Andhra Pradesh State Pollution Control Board, 2nd Floor, Maitrivanam, Huda Complex, S. R. Nagar, Hyderabad - 500038.
3. Shri T. Chatterjee, IAS, Principal Secretary to Government, Environment Forests Science and Technology Department, Secretariat, Hyderabad - 500022.
4. Chief Conservator of Forests, Ministry of Environment & Forests, Regional Office (SZ), Kendriya Sadan, 4th Floor, E&F Wings, 17th Main Road, II Block, Koramangala, Bangalore - 560034.
5. Adviser (EI Division), Ministry of Environment & Forests, Paryavaran Bhavan, CGO Complex, Lodi Road, New Delhi.
6. Additional Director (Monitoring Cell), Ministry of Environment & Forests, Paryavaran Bhavan, CGO Complex, Lodi Road, New Delhi.
7. Guard File
8. Monitoring File
9. Record File


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