

11th November 2021

Geoscience Regulation Office,
Department of the Environment, Climate and Communications,
29-31 Adelaide Road,
Dublin,
D02 X285.

Submitted via e-mail to GSRO@decc.gov.ie

Our Ref: 501.00269.00004 L2

Your Ref: Public consultation on the application for decommissioning of certain facilities within the Kinsale Area gas fields (KADP)

Dear Sir/Madam

**RE: THE LEAVING IN-SITU OF THE 24" EXPORT PIPELINE (OFFSHORE AND ONSHORE SECTION),
THE FILLING OF THE ONSHORE SECTION WITH GROUT AND DECOMMISSION OF THE INCH
TERMINAL**

SLR Consulting Ireland acts as planning and environmental advisors to Mag Mell Energy Ireland Ltd, 3rd Floor Standard Bank House, 47-49 La Motte Street, St. Helier, Jersey JE2 4SZ. This submission relating to the Kinsale Area Decommissioning Project (KADP) has been prepared on their behalf.

'Mag Mell' is the name of a proposed Liquefied Natural Gas (LNG) Floating Storage Regasification Unit (FSRU) located beyond the horizon, some 50km off the Cork coast. It is a strategic offshore LNG storage facility designed to provide enhanced security of energy supply for Ireland's energy network with less environmental impact than land-based energy infrastructure.

The Mag Mell FSRU Project, importing non fracked gas, provides a flexible, temporary solution to Ireland's energy security during the energy transition. Mag Mell Energy Ireland Ltd has contracted with Gas Networks Ireland on advance works to assess the upgrades required to the onshore gas network to facilitate the connection of the Mag Mell LNG FSRU to the GNI entry point at Inch via utilising the Kinsale offshore pipeline for gas imports.

The Mag Mell LNG storage unit will make use of existing assets and infrastructure, in particular the existing Petronas 24" export pipeline from the decommissioned Kinsale Head Gas Field that ties directly into the Irish gas transmission network at the onshore Inch Terminal where there is a GNI entry point.

Mag Mell Energy Ireland Ltd objects to the application by PSE Kinsale Energy Ltd to:

- fill the onshore section of the 24" export pipeline with grout as set out in the Decommissioning Plan - Kinsale Head Petroleum Lease (OPL 1) Consent Application no.3. The intention is to grout the onshore pipeline section during the decommissioning of the Inch Onshore Terminal site (see page 33 Kinsale Head Petroleum Lease OPL 1 Consent Application no.3)

- decommission the Inch Onshore Terminal with full removal and reinstatement to agricultural use as per the terms of the site planning permission of Cork County Council planning reference 2929/76 (see page 4 Kinsale Head Petroleum Lease OPL 1 Consent Application no.3)

Mag Mell Energy Ireland Ltd contends that the 24" export pipeline could be left in a state of interim decommissioning (i.e. as is, filled with inhibited seawater) until such time as access to the pipeline and Inch Onshore Terminal is established by the MAG Mell LNG FSRU project. Mag Mell Energy Ireland Ltd further contends that the filling of the onshore section of 24" export pipeline with grout and the decommissioning of the associated Inch Onshore Terminal is premature and a decision to grant consent by DECC can be deferred without adversely affecting the overall decommissioning cost or schedule.

SUBMISSION COMMENTS

The following outlines the key points that Mag Mell Energy Ireland Ltd would like to address in relation to the proposed decommissioning of certain facilities of the Kinsale Area Decommissioning Project (KADP) and its concept FSRUP, that would make use of the existing 24" pipeline connected to the GNI entry point at the onshore Inch Terminal.

Point of Fact

Kinsale Head Petroleum Lease (OPL 1) Consent Application no.3 is made on the basis that it is the position of DECC "that arrangements are **not** to be made to provide for the future use of the pipelines".

The refusal by DECC, on 30th October 2020, of Predator Oil and Gas Holdings PLC's request of 20th October 2020 for a virtual meeting to discuss the ownership and access to the Kinsale pipeline and the decision by DECC to inform KEL that arrangements are **not** to be made to provide for the future use of the pipeline, potentially represents, in legal terms, an attempt at constructive termination of parts of Predator Oil and Gas Holdings PLC's long-established business in Ireland.

In the KEL EIAR Vol 1 of May 2018 under Consideration of Potential Alternative Uses the use of the main 24" export pipeline and landfall at the Inch Terminal as import infrastructure for floating LNG was not considered. In the KEL EIAR Addendum 1 of 8th August 2019 Consultation Table Predator Oil and Gas and Mag Mell were not included. Therefore, we submit that:

- The Mag Mell FSRU Project provides a viable alternative re-use option for the 24" export pipeline and the Inch Terminal.
- Mag Mell Energy Ireland Ltd objects to the proposed plan under KEL's Consent Application 3 to fill the onshore section of the 24" export pipeline with grout.
- Mag Mell Energy Ireland Ltd objects to the proposed plan under KEL's Consent Application 3 to decommission the Inch Terminal.
- DECC should consider adopting a Deferral and Phased Decommissioning approach as practiced in the UK. This approach recognises that disused facilities including pipelines may represent important infrastructure. Where a specific opportunity has been identified deferral of decommissioning can be considered.
- Alternatively, DECC might consider adopting an Interim Pipeline Regime as practised in the UK. The Interim Pipeline Regime is intended to ensure out of use lines do not pose a risk to other users of the sea or the environment and that they are covered by an appropriate surveying and maintenance regime from the point when they are taken out of use by one operator until approval of the final decommissioning programme of another operator.

The objections are lodged now due to the fact that Mag Mell Energy Ireland Ltd was overlooked in the KEL and DECC stakeholder engagement process despite verifiable correspondence between the Predator Group, including Predator Oil and Gas Ventures Ltd. and Predator LNG Ireland Ltd (now Mag Mell Energy Ireland Ltd) .

KEL and DECC Compliance with Consultation and Stakeholder Engagement

Neither Predator Oil and Gas or Mag Mell Energy Ireland Ltd are included in KEL's stakeholder register referenced in KEL's Consent Application 3 of 30th September 2021 although Paul Griffiths has been in contact with DECC, ERVIA and GNI, CRU and KEL concerning the use of the 24" export pipeline and Inch Onshore Terminal by the Mag Mell FSRU Project.

The PSE KEL Consent letter states that following discussions with DECC regarding potential future use of the facilities, it was the position of the Department that Consent Application No. 3 should be submitted on the basis that arrangements are not to be made to provide for the future use of the pipelines. Did the Department consider the Mag Mell FSRU Project in reaching this position, given that Mr Paul Griffiths on 20th October 2020 requested by letter a meeting with the DECC to discuss the ownership and access to the Kinsale pipeline?

DECC's letter of 30th October 2020 clearly states that "the Department is conducting a review of the security of energy supply of Ireland's electricity and natural gas systems.....The review will consider a wide range of options including energy storage, additional gas import capacity (including LNG terminals)..... The outcome of the review will inform future policy considerations including the future use of the Kinsale Head Gas Field and such decisions will not be made in advance of the outcome of the review of energy security". The contract to undertake a Technical Analysis to inform a Review of the Security of Energy Supply of Ireland's Electricity and Natural Gas Systems was awarded to CEPA on 24th March 2021. The RFT timelines said that that the draft version of the supplementary report (the third report) would be issued within 11 months of commencing the project and the final version within 12 months of commencing the project. The final report is expected Q2 2022. It is therefore clearly premature for DECC to approve consent to fill the onshore section of the 24" export pipeline with grout. Indeed the current Licensing Terms for Offshore Oil and Gas Exploration, Development & Production 2007 empowers the Minister to require the owner of facilities to enter into discussions ...on the utilisation of facilities with persons in addition to the owner.

KEL's Consent Application 2 of August 2019 states that a leave in situ option, particularly with regard to the main 24" export pipeline and landfall, could facilitate the re-use of the pipeline infrastructure in the future.

Preliminary studies into the use of the Kinsale Head reservoir and facilities for CCS have been undertaken by Ervia and these indicate that re-use of the platform jackets as part of a CCS project is not viable, although the 24" export pipeline could possibly be re-used.

In his report to DECC on 28th November 2019 on KEL's Consent Application No. 2 Stephen Jewell of Selgovia Limited (retained by DECC as petroleum engineering advisor) stated that KEL remains open to the possibility that some of the pipelines might be preserved for reuse pending more detailed study of such options. Has a more detailed study of those options been carried out by KEL?

It should be noted that GNIs and Eirgrids' 'Long Term Resilience Study 2018'¹ concluded that the most economically advantageous option for Ireland to enhance its security of supply is a floating LNG terminal, along with bio-methane integration. These measures would significantly improve Ireland's security of supply position.

It is submitted that the proposed FSRUP should be considered a key project that would enable Ireland to ensure energy security of supply by providing an alternative source of gas, through the use of existing infrastructure. In support of this it should be noted that diversification of supply sources is considered paramount both for energy security as well as for competitiveness. Ensuring that all Member States have access to liquid gas markets is a key objective of the EU's Energy Union².

The Department of the Environment, Climate Actions and Communications has commissioned a study on the Security of Energy Supply of Ireland's Electricity and Natural Gas Systems. This newly commissioned study is expected to be published in Q2 2022 and will include extensive stakeholder consultation and the preparation of a technical analysis to inform a full strategic review.

It is hoped that the Mag Mell FRSU will be included in the consultation process of this review during 2021. In this regard, and with respect to the above points it is submitted that the proposed KEL Consent Application No.3 should acknowledge the Mag Mell FSRUP Project that would make use of the existing 24" pipeline and associated AGI connected to the GNI entry point at the onshore Inch Terminal.

Deferral and Phased Decommissioning

Mag Mell Energy Ireland Ltd contends that the 24" export pipeline could be left in a state of interim decommissioning (i.e. as is, filled with inhibited seawater) until such time as access to the pipeline and Inch Onshore Terminal is established by the MAG Mell LNG FSRU project.

UK Government guidance on decommissioning pipelines is outlined in Offshore Oil and Gas Decommissioning Guidance Notes November 2018, published by the Department for Business, Energy and Industrial Strategy. These Guidance Notes include the following provisions:

- Sections 5.18 to 5.23 (see extract below) recognise that decommissioning can be deferred stating that "disused facilities including pipelines may represent important UKCS infrastructure and provide the means for the further development of hydrocarbon reserves, or the storage of carbon dioxide or hydrocarbon gas. Where a specific opportunity has been identified deferral of decommissioning can be considered".
- Sections 10.23 to 10.27 (see extract below) address the situation where a pipeline reaches the end of its operational life substantially in advance of the other facilities in the field. In this case decommissioning of the pipeline is deferred, and the pipeline is considered to form part of an "Interim Pipeline Regime".

Mag Mell Energy Ireland Ltd understands that decommissioning of the Kinsale Field is taking place because of the cessation of production is, but the 24" gas export pipeline has not necessarily reached the end of its operational life. Industry best practice makes provision for the deferral of decommissioning if reuse is an option, and furthermore the concept of "interim decommissioning" is acknowledged and allowed for in international decommissioning guidance documents.

¹ Gas Networks Ireland and Eirgrid (2018) *Long Term Resilience Study*.

² European Commission (2016) *Liquefied Natural Gas and gas storage will boost EU's energy security*.

KEL advise in their Consent Application that these activities will be completed from onshore and do not require any specialized offshore vessels or equipment. These activities therefore could easily be deferred to some later date, and at no apparent additional cost. It is to be noted that KEL indicate in their submission that other decommissioning activities may be deferred to 2023 (e.g. jacket removal).

DECC has commissioned a study into the security of energy supply to the island of Ireland, and this study has not yet been completed. The contract for this work was awarded in May 2021 (OJS contract award notice 2021/S 093-244025), and the expected timeframe for the report was 12 months (Reference: DECC Request for Tender RFT100519 for the provision of Consultancy Services to undertake a Technical Analysis to inform a Review of the Security of Energy Supply of Ireland's Electricity and Natural Gas Systems). It is assumed that LNG projects such as Mag Mell will be considered as an integral part of this study. Mag Mell therefore contend that the above listed decommissioning activities should not be carried out until such time as this study is completed and the importance of LNG projects to the security of supply to the country, is established and understood.

Further to the security of supply issue as outlined, EirGrid the national TSO, have advised that energy shortages are likely in the winter 21/22 leading to black outs. Further electricity outages are considered likely in the coming years. This highlights the need to keep gas storage options open and adds further weight to the deferral of the 24" gas export pipeline decommissioning.

In summary, based on the foregoing, Mag Mell Energy Ireland Ltd contends that a decision to proceed with the demolition of the onshore Inch Terminal and the installation of a grout plug in the onshore pipeline and landfall section is premature, and that consent can be deferred without affecting the overall decommissioning cost or schedule.

REQUESTS FOR CLARIFICATION & FURTHER INFORMATION

Based on the Consent Application No. 3 submitted by PSE Kinsale Energy Ltd , Mag Mell Energy Ireland Ltd has the following requests for clarification and additional information required to integrate the reuse of the 24" gas export pipeline in the Mag Mell LNG FSRU project engineering design:

1. It is indicated that the 24" pipeline has already been filled with inhibited seawater and disconnected from KA platform. Please can this be confirmed. Also, it is unclear where the 24" pipeline has been disconnected from the KA platform (e.g. at top or bottom of riser). Please can the point of disconnection be confirmed.
2. It is not indicated if the connection between the 24" pipeline and the riser/spoolpieces at the base of the KA platform are welded or flanged connections. Please can this be clarified, and if it is a flanged connection please provide details of the flange type.
3. It is indicated that no subsea intervention is required if/when the grout plug is pumped in at the onshore end of the 24" pipeline. This infers that there is some type of end fitting already installed on the subsea end of the 24" pipeline. Please can details of this end fitting be provided (e.g flanged or welded, flange type, valving details, etc).
4. Please provide details of the chemicals used to inhibit the seawater prior to filling the 24" pipeline (i.e. type, specification/datasheet, dosage, period of time the protection provides, when inhibiting chemicals were introduced, etc).
5. It is assumed that the operator has carried out periodic internal in-line inspections (ILI) of the 24" pipeline. Please provide the latest ILI reports and data. In particular, please provide the report and data from the most recent ILI. If possible, please also provide historical ILI data so that the rate of any corrosion can be assessed.

6. It is assumed that the operator has also carried out periodic external survey inspections of the 24" pipeline. Please provide the latest survey reports and data. In particular please provide the latest report and data from any cathodic protection surveys performed.
7. The 24" pipeline is reported to have been installed in 1977 and given the timeframe it is assumed that the operator will have been obliged to gain approval of any critical changes in design details and/or operating limitations for the 24" pipeline. Please provide details of any such changes and any safety case submissions required to obtain approval to operate.
8. It is assumed that an integrity management system was in place by the operator. Please provide the latest annual report/s regarding integrity assessment/s for the 24" pipeline.

CONCLUDING REMARKS

This submission has set out the rationale that Mag Mell Energy Ireland Ltd would like to highlight in support of a concept LNG FSRU making use of the existing 24" pipeline connected to the GNI entry point at the onshore Inch Terminal. It is submitted that the proposed KEL Consent Application No.3 should acknowledge the potential alternative use of the existing 24" pipeline and the onshore Inch Terminal by the Mag Mell LNG FSRU Project and modify the decommissioning plan accordingly.

We request that the following be inserted in the second paragraph of Section 3.3 of the KEL Consent Application 3:

"Five potential re-uses have been considered at a high level. These are hydrocarbon production, carbon capture and storage (CCS), Floating LNG Storage and Regasification, offshore gas storage and offshore wind energy production".

Section 3.3 of the EIAR should include a paragraph on Floating LNG Storage and Regasification.

KEL EIAR Addendum No.2 of 30th September 2021 should acknowledge that an alternative re-use and operator has been identified for the existing 24" pipeline and the onshore Inch Terminal by the Mag Mell LNG FSRU Project.

The failure by KEL and DECC to recognise Predator Oil and Gas Ventures Ltd. and Predator LNG Ireland Ltd (now Mag Mell Energy Ireland Ltd) as stakeholders in the decommissioning consultation process potentially represents, in legal terms, an attempt at constructive termination of parts of their long-established business in Ireland. In the interests of absolute transparency, please indicate why Predator Oil and Gas Ventures Ltd. and Predator LNG Ireland Ltd (now Mag Mell Energy Ireland Ltd) were not identified as stakeholders during the decommissioning consultation process and why the LNG FSRU option for the use of the Kinsale pipeline was not considered. Predator regards this as a very grave matter deserving your full attention as no legislation existed at the time of the decommissioning submissions that prevented re-use of the Kinsale facilities. Indeed, quite the opposite, the 2007 Offshore Licensing Terms and Conditions, which are still in force, specifically provide circumstances where the facilities could be used by third parties.

We trust that the rationale as outlined in this submission is both understood and justified but should you have any queries, please do not hesitate to revert to the undersigned.

Yours faithfully


SLR Consulting Ireland