REPORT OF THE POST-FINANCIAL CLOSE INDEPENDENT ENVIRONMENTAL CONSULTANT (IEC) AZERI, CHIRAG AND DEEPWATER GUNASHLI PHASE 1 PROJECT

FIRST SITE VISIT, JULY 2004
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EXECUTIVE SUMMARY AND CONCLUSIONS

This report represents the first post-financial close field visit in Azerbaijan by the Independent Environmental Consultant (IEC) between July 3rd and July 6th 2004 to monitor compliance with Azeri Chirag and Deep Water Gunashli (ACG) Project Environmental and Social (E&S) commitments during actual Project development. The Azerbaijan International Operating Company (AIOC), operated by BP is responsible for the development of Phase 1 of the (ACG) Full Field Development (FFD) Project. During the visit IEC had the opportunity to meet with the AIOC/BP Central Environmental Team, the organizations of the four delivery units (STEP (Sangachal Terminal Expansion Programme), Offshore Facilities I and II, Subsea Pipeline), as well as with the Contractors, reviewing documentation and interviewing the personnel in charge of implementing the E&S commitments and monitoring construction activities. The IEC visited several construction sites including the two topside construction yards, the pipeline landfall site, and the Sangachal Terminal. The construction of the ACG facilities is underway and the overall construction progress is close to the planned schedule.

Organization and Staffing: The different E&S management organizations of the ACG central team, ACG delivery units, and Contractors are in place and operational. According to observations made during the visit, the organization, the staff and the resources are sufficient for the effective E&S management of the Project according to the ESAP.

Waste Management: The basic guidelines for waste management are provided in the AIOC Contractor Control Plan (CCP) for waste management, which is in turn implemented through Contractor Implementation Plans and Procedures (CIPPs) as separate Waste Management Plans for the individual Delivery Units. The objectives of each applicable Waste Management Plan are to ensure proper collection, segregation, recycling, transportation, storage and disposal of the different waste streams. IEC has observed, particularly for those wastes managed by AA Services, good examples of segregation, temporary storage, and especially tracking and labeling of the waste (hazardous waste in particular). In spite of these positive observations, the Project has significantly failed with regard to the management and final disposal of the domestic waste. The large community associated with the Project (on the order of 10,000 persons) produces a large amount of domestic waste. This waste is collected and transported to an existing municipal dump site (Sumqayit), far from any
acceptable standard, and significantly non-compliant with any standard specified in
the ESAP. The practice to use existing facilities for final disposal of waste, even if
approved by local Authorities and AIOC (as mentioned in the Waste Management
Plan), far from any applicable standard, should be stopped and new solutions
identified and implemented (e.g. new landfill, new incinerator, composting, etc).
Adherence with “normal practices” in the region, national standards, BU practices or
standards, etc. does not justify this significant non-compliant condition and practice of
the Project, a situation apparently on-going for more than one year.

Pollution Prevention: IEC acknowledge the effort made by the Project inside the
construction yards to avoid any potential pollution from the handling of chemicals and
hazardous materials, as well as limiting noise and dust conditions. Nevertheless,
systemic problems were observed in the control, maintenance, management and
effectiveness of the measures aimed at limiting the potential pollution from oily water
from Central Waste Accumulation Areas (CWAAs) at different Project locations. The
Project organization should review the status, the effectiveness, the management and
the maintenance activities of all oil water separators (OWSs) dedicated to the
separation of oily fluid prior to discharge to the environment. In addition several
problems and non-compliant conditions were observed at the fuel station at the
Sangachal Terminal. The Project should work to assure that at least the minimum
requirements for pollution prevention are implemented.

Wastewater treatment – STPs: According to the information collected by IEC
during this field visit, improvements have been made over the past 18 months.
Nevertheless the situation is still non-compliant with the ESAP. Most of the STPs
were originally undersized and most still experience severe operational problems.
Some progress has been achieved, but the Project should identify and implement
significant changes/improvements to definitively solve the problem instead of
continuing to spend resources and time to adjust existing facilities that are inherently
unsuitable given Project loadings, as indicated by the Project’s own audits.
Achievable solutions experienced by the BTC Project, particularly in Georgia, should
be evaluated for implementation. The practice to adhere to national practices or BP
AZBU policies and procedures (e.g. use of existing sub-standard municipal treatment
facilities) is not acceptable and IEC renews the obligation of the Project to be
compliant with Project commitment as stated in the ESAP and in any other relevant
documents.

Community Liaison: In accordance to the information gathered during the visit, the
community liaisons appear to be managed properly by the Project with significant
results. Four information centers at Sahil, Umid, Sangachal and Bibi Heybat have
been opened in the area with more than 23,000 visitors.

Health and Safety: The IEC acknowledges the effort made by the ACG Project
organization to adopt the highest safety standards during the Project development.
During the field visit, only a few observations were made with regards to safety,
mostly related to the proper implementation of good practices and safety mitigation
measures to reduce the risk during construction. IEC acknowledge the open culture of incident reporting adopted by the Project to ensure continuous improvement and lessons learned approach.

**Environmental Monitoring:** The environmental monitoring programs being implemented by the Project have been reviewed on the basis of reports provided by ACG, rather than direct field observation. The amount of data and surveys which were, are being and will be carried out by the Project are impressive. IEC recommends that the Project make sure that the national and international scientific communities, beyond the monitoring of the different environmental components for the purposes of the Project, are informed of the results of the surveys and monitoring activities performed to the degree practical within the extent permitted by the AIOC partners.

**General Conclusions:** After more than one year from the start of the construction activities, the E&S management system has achieved, for the majority of the aspects related to the E&S Management, an acceptable level of performance in the different areas. Nevertheless, there are few areas where the Project is non-compliant with its environmental commitments, and needs to make substantial changes, in particular waste management and pollution prevention (wastewater, OWSs, fuel stations). The organization to solve these problems is in place and now is the time for management to provide sufficient resources to address these significant non-compliances.
1 INTRODUCTION

D’Appolonia S.p.A. (D’Appolonia), located in Genoa, Italy, has been appointed as the post-financial close Independent Environmental Consultant (IEC)\(^1\) to the Lender Groups for the Baku-Tbilisi-Ceyhan (BTC) Pipeline Project (BTC Project)\(^2\) and the Azeri, Chirag and deepwater Gunashli (ACG) Phase I Project (Phase 1 Project)\(^3\). The BTC Project is currently under development and will be owned by BTC, a company formed by a consortium of the Main Export Pipeline Participants (MEPs)\(^4\). Construction of the BTC Project is underway in Azerbaijan, Georgia and Turkey. The Phase 1 Contract Area covers the Azeri, Chirag and Deepwater Gunashli fields and is being developed by Participating Production Sharing Agreement (PSA) Contracting Parties.\(^5\)

The overall role of D’Appolonia within the BTC and ACG Projects is to assess and report to the Lender Group on the compliance with the environmental and social provisions contained within the respective project Environmental and Social Action Plans (ESAPs), the associated Contractor Control Plans (CCPs), and BTC/ACG Management Plans and with environmental and social (E&S) and health and safety

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1 IEC Team members: Roberto Carpaneto (Team Leader), Paolo Lombardo (Team Coordinator), William J. Johnson (Team Member), Miles Scott-Brown (Team Member).

2 The Lender Group for the BTC Project (BTC Finance Parties) comprises the International Finance Corporation (“IFC”), the European Bank for Reconstruction and Development (“EBRD”), Compagnie Française d’Assurance pour le Commerce Extérieur (“COFACE”), Her Majesty’s Secretary of State acting by the Export Credits Guarantee Department (“ECGD”), Euler Hermes Kreditversicherungs-AG (“Hermes”), Japan Bank for International Cooperation (“JBIC”), Nippon Export and Investment Insurance (“NEXI”), Servizi Assicurativi del Commercio Estero (“SACE”), the Export-Import Bank of the United States (“US EXIM”) and any other export credit agencies and commercial lenders and any other providers of debt financing or political risk insurance for the BTC Project, in their capacity as the providers of debt financing or political risk insurance for the BTC Project, including, for the avoidance of doubt, the Sponsor Senior Lenders.

3 The Lender Group for the Phase 1 Project (Phase 1 Finance Parties) means IFC and EBRD.


5 The parties to the PSA at the date of the CTA, also termed the “PSA Parties” includes Amoco Caspian Sea Petroleum Limited, Amerada Hess (ACG) Limited, BP Exploration (Caspian Sea) Limited (“BP Exploration”), Devon Energy Caspian Corporation, Exxon Azerbaijan Limited, INPEX South West Caspian Sea, Limited, ITOCHU Oil Exploration (“Azerbaijan”) Inc., Statoil Aspheron a.s., Türkiye Petrolleri A.O. (“TPAO”) and Unocal Khazar, Ltd.
(H&S) management systems. This report summarizes the results of D’Appolonia’s first field visit to the Phase 1 Project held between July 3rd and July 6th 2004.

The primary objective of D’Appolonia’s visit was to verify the implementation of ACG Project commitments established in the Environmental & Social Action Plan (ESAP), final at the time of financial closure (February 2004), and supporting documents developed to assure implementation of the ESAP including Contractor Implementation Plans and Procedures (CIPPs) and associated Method Statements and Procedures. D’Appolonia’s review has included the environmental and social (E&S) and health and safety (H&S) management activities of ACG and the individual Engineering, Procurement and Construction (EPC) Contractors. Emphasis has been placed on evaluating compliance primarily on the reactions of the ACG and the individual Contractors to non-compliant situations based on the following:

? Random checking of individual non-compliances identified by ACG or individual Contractors and reviewing the mechanisms followed by the responsible organizations to identify, address, correct and follow up non-compliant situations, as well as the documentation demonstrating the implementation of appropriate procedures.

? In-depth review of symptomatic non-compliances, which may indicate a deficiency in the process of compliance management and identifying mechanisms and the procedures the ACG Project proposes to follow to make sure that similar situations will not occur again.

Most of the findings identified in this report have been based on field observations, and interactions with the individuals actually responsible for the field implementation of the ESAP.

The scope and the location of the visit on a day-by-day basis are presented in Appendix A.

Subsequent sections of this report provide the following:

? Section 2 presents the findings of the review;

? Appendix A presents the locations of the visit;

? Appendix B presents lists of non-compliances with the ESAP, with relevant observations and recommendations.
2 ACG PHASE 1 PROJECT

The ACG Phase 1 Project is the first phase of a Full Field Development and includes the development of the Central Azeri (CA) field. The Project includes the construction, installation and operation of a production, drilling and quarters platform (PDQ – CA Platform), a compression and water injection platform (C&WP), and subsea pipelines from PDQ to shore (30” for oil and 28” for gas) and an onshore terminal for the reception and processing of oil and gas.

The ACG Project development organization is based on the “delivery team” model, divided into four delivery units including the

- Offshore Facility I; Contractors:
  - McDermott Caspian Contractors, Inc. (MCCI) for the construction of the platform topsides,
  - Bos-Shelf (Star Gulf), for the construction of the jackets for topsides facilities as well as the drilling template,
  - Saipem, for the upgrade of the heavy lift barge, the transportation and the installation of the drilling template and platform jackets and topsides.

- Offshore facility II; Contractor: Amec-Azfen-Tekfen (ATA) for the upgrade of the fabrication yard for the C&WP topside construction;

- Subsea pipelines; Contractor: MCCI Subsea, for the upgrade of the pipelay barge and installation of the offshore ACG Phase 1 pipelines;

- Sangachal Terminal Expansion Project (STEP); Contractors:
  - Tekfen-Azfen (TKAZ), for the site preparation and construction for the expansion of the terminal;
  - Entrepose, for the tank construction inside the Sangachal Terminal.

In terms of management structure, the following chart taken from the ACG Environmental and Social Management Plan (ESMS) defines the tiered management being taken for the ACG Phase 1 Project:
The overall responsibility for E&S management for the Phase 1 Project rests with the ACG Project Central Environmental Team, who in turn receives support from AIOC/BP specialists.

2.1 CONSTRUCTION STATUS

This section summarizes the construction and the installation status of the main facilities included in the ACG Phase 1 Project.

The CA Platform topsides are being constructed at the SOCAR’s Shelfprojectstroy (SPS) fabrication facility by MCCI. The construction is progressing with progress at the time of the visit at about 97 percent complete with completion targeted for the end of July 2004. First Oil at the wellhead is scheduled for January 1, 2005.

The drilling template and platform jackets contractor Bos-Shelf is also working at the SOCAR’s SPS fabrication facility. The template and PDQ jacket are complete and have been installed. The construction of the C&W jacket is in progress (about 95% at the time of the visit) and is scheduled to be installed in August 2004.

The C&W topsides construction undertaken by ATA at their yard in the Bibiheybat oilfield is about 50% complete with First Injection scheduled for September 2005.

The other major part of the project includes the Sangachal Terminal Expansion Program (STEP). The overall construction progress towards First Oil at the time of
the visit was about 92%. The BTC facilities within the Sangachal Terminal including the pump station were about 72% complete at the time of the visit.

The offshore 28” gas pipeline was installed in March 2004, while the 30” oil pipeline was installed in December 2003.

2.2 ENVIRONMENTAL AND SOCIAL MANAGEMENT ORGANIZATION AND RESOURCES

The following subsections discuss the environmental and social management organizations of ACG and Contractors. The results of this first IEC visit, as described in the following sections, show that the resources and the personnel dedicated to the management of the E&S system are sufficient, but it must be noted that most of the documentation directed towards E&S management was prepared and approved only recently (including the CCPs and CIPPs) and this may have been one of the root causes of some of the non-compliances and issues, such as for wastewater treatment systems, as described in the following sections.

ACG Phase 1 Team

The ACG Phase 1 Project Environmental Team was presented to the IEC team during the field visit. The organization includes one ACG Project Central Environmental Team (including the Environmental Manager, two Senior Environmental Advisors, one Environmental Advisor, two Environmental Analysts, and two Environmental Engineers supporting the field team from the London office).

The four Delivery Teams have their own organizations with HSE Managers and Environmental Advisors. In addition, the STEP Project Team includes an Environmental and Social Manager, three Community Investment/ Human Development personnel and one Community Liaison Advisor. All positions are staffed and the IEC believes that the current organization has sufficient resources, experience and capabilities to effectively fulfill their responsibilities.

Offshore Facility 1 - BOS Shelf (Template and Jackets)

The current arrangement of one HSES Manager and one Environmental Officer for jackets and piles construction appears to be sufficient to cover the needs of the Project.

Offshore Facility 1 – MCCI (PDQ topsides)

The current arrangement of one Area HSE Manager and one Environmental Coordinator appears to be sufficient to cover the needs of the Project.

Offshore Facility 1 – Saipem (Transport and Installation)
IEC did not visit Saipem during this visit, but it was understood that Saipem has one HSE Manager and one HSE Engineer, who should be enough for the needs of the Project.

**Offshore Facility 2 – ATA (C&WP topsides)**

The current arrangement of one HSE Manager and two Environmental Advisors should be sufficient to cover the needs of the Project.

**Subsea – MCCI (Offshore Pipelines)**

The current arrangement of one HSE Manager and two Environmental Officers should be sufficient to cover the needs of the Project.

**STEP – TKAZ (Terminal)**

The current arrangement of one HSE Manager and two HSE Inspectors should be sufficient to cover the needs of the Project.

### 2.3 CCPs AND MANAGEMENT PLAN IMPLEMENTATION

#### 2.3.1 Waste Management - Observations

**STEP - TKAZ**

IEC visited the STEP site, about 50 kilometers southwest of Baku. The terminal, in operation since the development of the Early Oil Project (EOP) in 1997, will consist of the following facilities: EOP (oil facilities in operation), ACG Azeri (oil and gas facilities), BTC (main pump station for oil export), Shah Deniz (gas facilities including gas export) and ACG Phase 3 (oil and gas facilities). There are approximately 4,000 workers, with about 800 living at the STEP construction camp. Approximately 52% of the national workforce, which numbers roughly 2,900 employees, is from the surrounding communities. A total of about 5,000 meals per days are served at the canteens in the camp representing a significant source of domestic waste to be handled by the project.

Recognizing that waste management is a key area of concern and that there is a need for close monitoring, ACG and the Contractor developed the Central Waste Accumulation Area (CWAA) at the Sangachal Terminal to properly manage the different waste streams. This specifically designated area provides the infrastructure to optimize consolidation of waste segregation, temporary storage, and preparation for transportation to final waste disposal sites. This facility, as well as the overall handling of the waste at Sangachal Terminal, is managed by AA Services, a local waste management company.
Waste Segregation at Source: during the visit, IEC had the opportunity to verify the implementation of the measures and procedures finalized to optimum waste segregation, both inside the construction site as well as at the camp. At the construction site inside the Sangachal Terminal, specific waste containers were observed at many locations with proper label and different colors for easy use by the workers. Specific containers for wood, metal scraps, plastic, wires, etc were observed, as well as containers dedicated to “general waste”. Recognizing the effort made by AA Services in placing these containers at many locations around the construction site, IEC recommends avoiding the use of the “general waste” label, which may encourage the mixing of different waste streams resulting in the generation of additional mixed waste and cross contamination of waste, particularly when workers are not sure where the most appropriate disposal containers are located.

The situation at the camp was slightly different. The waste produced by the kitchen (domestic waste) is not segregated at the source. It is recognized that as long as markets do not exist for recycling plastic and that the current process is to use municipal dumps for final disposal, that there is little reason to segregate kitchen waste at the source. It is expected that if and when options for reuse/recycling of the food and plastic become available, segregation will be undertaken. Kitchen waste is managed by KASCO, an Azeri waste management company.

CWAA Operations: The CWAA (managed by AA Services at the edge of the Sangachal Terminal within the boundary of the facility) exhibits generally good waste management practices. Housekeeping is very good and the entire area has been covered by a concrete platform which however is not designed for good spill containment. The site drainage collects in a closed sump that has yet to fill to the point where it needs to be cleaned out. Should a spill occur, some could flow to the ground and the site personnel require additional training such that they understand the physical aspects of spill control at this site. The hazardous waste storage area is properly segregated from the rest of the waste, but it needs to be covered with a roof to limit potentially contaminated runoff. The labeling and the tracking system observed at this location, as at the other sites managed by AA Services, is very effective and comprehensive. Waste is categorized, defined in terms of weight or volume, characterized in terms of health and safety for human exposure. In addition, the waste originator is indicated, as well as the date of collection and source location. Finally, the person who actually prepares the waste form is named with a telephone number contact. The system is also capable of properly tracking individual waste streams, even individual drums of waste, before interim storage or transportation to a final disposal site. The AA Services tracking and management system needs to be recognized as an example that could serve as a model for other organizations within the ACG and BTC Projects.

SPS - MCCI Topsides
The yard has been significantly upgraded by the Project for the purpose of the Azeri development and now it represents one of the most advanced construction yards in the region.

The same practices described for STEP waste management apply to MCCI, dedicated to the construction of the production and drilling quarters (PDQ) topsides at SPS. AA Services manages all waste, including kitchen waste (domestic waste). The housekeeping in the yard was observed to be reasonably good and specific containers for different waste streams were observed inside the facilities (e.g. wood waste, metal scraps, plastic, etc). As previously noted, the use of “general waste” containers is not recommended.

The CWAA (run by AA Services) at the edge of the SPS exhibits generally good waste management practices. Housekeeping is good and the entire area has been covered by a concrete platform. Drainage from this platform goes to a closed drain OWS with no outlet and is periodically cleaned with a vacuum truck and the wastewater sent out for final treatment and disposal. It was not clear to the local staff, at the time of the visit, the final destination and the quantities already sent of this wastewater, although this information is recorded, nor could they demonstrate an understanding of the process involved with maintaining the sump. This situation is a non-compliance identified in the Section 2.3.5 on pollution prevention. The hazardous waste storage area is segregated from the rest of the waste, but it needs to be covered with a roof to limit the quantity of potentially contaminated runoff. The amount of hazardous waste at the time of the visit was significant compared to the storage capacity of the site. IEC recommends minimizing the residence time and the volume of the waste present at the CWAA pending transportation to a final disposal site. As previously noted, the practices followed by AA Services for labeling and tracking the different waste streams are exemplary.

**Bibiheybat Oilfield – ATA Yard**

The location of the ATA Yard where the C&WP topside is being constructed is inside an existing SOCAR oil field. Many (hundreds) of wells are still in the area, some of them still slowly pumping oil from the ground. The area is highly contaminated from previous extraction activities and it should be recognized that the ACG Project has dedicated significant resources to clean up and prepare the yard area for construction.

AA Services also works at the ATA Yard and manages all but kitchen waste, which is again handled by KASCO. A CWAA is also operated by AA Services. The housekeeping in the yard was observed to be reasonably good and specific containers for different waste streams were observed inside the facilities (e.g. wood waste, metal scraps, plastic, etc). As previously noted, the use of “general waste” containers is not recommended. The drainage at the CWAA enters a sump that can be drained into a line going to an interceptor, but the interceptor was never inspected and the sump had never been cleaned out. Furthermore, the final outlet of the system was
not known by AA Services staff or the ATA environmental monitors and in general the final fate of this waste water was uncertain and a non-compliance is assigned in Section 2.3.5 on pollution prevention. Most of the hazardous waste was stored in drums within containers, but ventilation measures were missing, such as could simply be holes or small windows at the side top of the container. Without this ventilation, the containers might be candidates for a confined space entry policy (Level I Non-Compliance, ESAP – Annex E - HSE Principles - Monitoring Effectiveness, Management of Hazards). The practices followed by AA Services for labeling and tracking the different waste streams at this location are again exemplary.

The situation at the yard kitchen is different. The waste produced by the kitchen (domestic waste) and also managed by KASCO is only partially segregated at the source. It is again recognized that as long as markets do not exist for recycling plastic and that the current process is to use municipal dumps for final disposal, that there is little reason to segregate kitchen waste at the source. It is expected that if and when options for reuse/recycling of the food and plastic become available, segregation will be undertaken. In addition, the waste management personnel working in the temporary storage area were observed to enter the kitchen to collect the waste where they could represent a health hazard for cross-contamination.

**ACG Project Central Organization – Waste Management – Final Disposal of Domestic waste**

The management of the waste is a very important element for the ACG Project. The ACG project decided to conduct an independent waste management audit that took place this past April and was conducted by an independent consultant at the different Contractor sites. The results of these audits were made available to IEC. Most of the observation and findings from this audit related to the collection, storage, transportation and tracking of waste at the different Project sites. The ACG organization is now monitoring the implementation of the remedial actions identified during the audit.

In addition, an independent consultant for AIOC prepared this past April an assessment of composting options for AIOC in Azerbaijan. The report, available to IEC, assesses potential biological treatment techniques to treat biodegradable waste produced by AIOC Projects in Azerbaijan within the EU legislative framework, translated into practical and achievable UK national regulations. The report reviews the range of composting and anaerobic digestion technologies available and identifies the most suitable solutions for the Project. The study includes an economic assessment as well as an evaluation of the potential users of the final product in the area. According to the information provided by the Project team during the audit, anaerobic composting of biodegradable waste was not considered a viable option and the ACG Project is not planning to pursue this treatment option.

The waste produced by the ACG project includes re-used/recycle waste, non-hazardous waste (including municipal and domestic waste), and hazardous waste.
The waste management facility at Serenja (managed by AA Services) provides temporary storage for hazardous waste generated across the ACG Project sites. This site was visited and the results of the visit are discussed in the next section. The non-hazardous waste (about 19,000 cubic meters in 2003 and about 8,700 cubic meters during the first quarter of 2004) was sent to municipal dump sites approved by the BP Business Unit in Baku.

The two available municipal landfills (Balakhany and Sumqayit) were audited by an independent consultant appointed by the ACG project team in June 2004. The results are very clear: the two sites cannot be compared to any regulated facility managed according to international standards. Although this consultant indicated that Sumqayit was “marginally acceptable” the IEC contests this observation. Neither location has plans for final restoration or future closure. Both operations are currently sub-standard.

IEC arranged for a short visit to the Sumqayit site owned and operated by ADES, an Azeri-German joint venture company. Sumqayit is currently the only disposal site being used by the ACG Project and is considered to be the better of the two sites reviewed by the external consultant. A disposal site with no leachate control, no gas management, no daily cover for control of vectors and for preventing scavenging, and is on fire is nothing more than a dump site. This site should not be termed a landfill as a landfill is a word which implies the presence of some engineered controls, which this facility does not have. It might be possible to develop waste cells where waste has not been disposed and where deteriorated concrete liners were placed during the Soviet era. A disadvantage of this solution would be that it might not be practical to monitor if leaks occur as would be required for an EC-compliant landfill, due to the already contaminated nature of the groundwater due to past disposal practices.

IEC strongly recommends stopping the use of this site for disposal of the municipal-domestic waste generated by the Project. This practice represents a major non-compliance against most of waste management commitments related to final disposal of waste and to the overall objectives of the Waste Management Plan, as well as the HSE Project Principles included in the ESAP. In particular, as cited from the ACG Phase 1 - Waste Management Plan: “…responsibility for correct waste disposal lies firmly with BP and in this role it will ensure that… waste disposal contractor(s) use facilities for disposal of waste that meet acceptable standards…” (Waste Management Plan – WM1).

The practice to use existing facilities for final disposal of waste, even if approved by local Authorities and AIOC (as mentioned in the Waste Management Plan), but which do not adhere and are definitively far from any applicable standard, should be immediately stopped. Adherence with “normal practices” in the region, national standards, or BU practices or standards, etc. does not justify this significant non-compliant condition and practice of the Project, a situation apparently on-going for more than one year.
(Level III Non-Compliance, aims and objectives of the CCP Waste Management Plan, Waste Storage Section, Commitments ID: WM1). Specifically, this commitment states:

Responsibility for correct waste disposal lies firmly with BP and in this role it will ensure that:

- Project contractor(s) have adequate training and follow stipulated waste management procedures for minimising, handling and storing waste.
- Waste disposal contractor(s) use facilities for treatment and disposal of waste that meet acceptable standards; and
- Audits are carried out to ensure these are achieved.

The basis for the Level III is the IEC’s observation that the Sumqayit landfill cannot be considered as “acceptable” under any acceptable international standard.

Waste Management Facility at Serenja

The waste management facility at Serenja provides temporary storage for hazardous waste generated across the ACG Projects sites. It is located in a remote location, far from any community, where the hazardous waste is properly stored awaiting for the identification of the final disposal site, expected to be a EU-compliant hazardous-waste landfill nearly ready to be commissioned near Sumqayit. IEC acknowledges the fact that the Project has paid particular attention to the problem of final disposal of hazardous waste and is implementing a good temporary storage of the waste.

The facility at Serenja is managed by AA Services and is well designed, managing different hazardous waste streams including cuttings from the offshore drilling units. A treatment plant is working at site for this specific waste and the most advanced technologies are applied for the treatment. The site is properly fenced and the storage of the waste, by type, is well implemented. The housekeeping is good and personnel have demonstrated full knowledge of the activities and processes which are conducted at this site. Tracking of the different waste is also good and, as previously noted, can be an example for other Project locations. IEC has only one minor observation that the segregation of the different hazardous wastes could be improved to minimize the potential effects on operations in case of spillage from primary containments.

2.3.2 Waste Management – Recommendations

ACG – Phase 1
1. ACG should immediately evaluate the environmental consequences of the continued use of the Sumqayit dump site and eventually evaluate the remedial measures that should be implemented to mitigate the potential impact.

2. ACG should immediately start a process for the identification of alternatives such as:
   
a. The realization of a new dedicated controlled (compliant with Project commitments) landfill - IEC recommends evaluating this possibility considering the Serenja site as potential candidate for its location (remote, easily accessible, far from surface water bodies);

b. The installation of an incinerator (solution applied in other locations across the BTC Project);

c. Interim solution with the long term storage of the domestic waste according to applicable EU standards (including packaging and storage on lined platforms) waiting for final acceptable disposal options.

3. ACG should review its practice to adhere to national practices or BP BU policies and procedure and strictly be compliant with Project commitment as stated in the ESAP and in any other relevant documents.

4. ACG should review the CWAA facilities across the Project to improve the protection of hazardous waste from rainfall and, finally, the treatment of the contaminated water (see also the Section dedicated to Pollution Prevention).

**AA Services at Contractor Sites**

1. Segregation - Avoid the use of terms such as “general waste” or “mixed waste” and help workers to clearly recognize the different waste streams to maximize the segregation of the waste at the source.

2. Although hazardous waste was found to be properly contained, the concern is that minor leaks, spills or temporary exposure to rain could appear as runoff that could enter areas where non-hazardous waste is stored. Drainage areas between hazardous and non-hazardous waste storage areas at CWAAAs should be carefully isolated.

3. Review the use of closed containers for the storage of the hazardous waste to make sure they are properly ventilated.

4. Review the design, the management and the maintenance of the OWSs at the different temporary storage areas and CWAAAs as described in the previous section for the different project sites.
**KASCO Service at Contractor Site**

1. Segregation – work to identify if materials can be segregated from the kitchens that can have destinations other than municipal dump sites.

2. Review, together with the ATA organization at Bibiheybat Oilfield yard, the practice for the collection of domestic waste from the main kitchen to make sure that there is no potential for the waste management personnel to cause cross-contamination in the kitchens (personnel from the waste storage area should not access inside the kitchen).

### 2.3.3 Wastewater management – Observations

A specific assessment of the status of the sewage treatment plants at the different AGC Project was completed by the Project team in February 2004. The scope of the review was to assess the performance of the sewage treatment plants and identify the root causes for the poor performance of the plants to meet the required standards. A follow-up visit was also conducted in April and May 2004. There were operational and procedural improvements that were identified to be implemented to improve the current non-compliant condition. Currently the effluent from the plants (with some differences among the sites as described below) is discharged into the municipal network and goes for processing at the Sahil municipal wastewater treatment facility (WWTF) where, according to the information provided by the Project to IEC, is not properly treated and, eventually, is discharged into the environment without having achieved acceptable Project standards. It is understood that improvements to the Sahil WWTF are part of the Community Investment Program (CIP) being undertaken by the Project and that a Protocol of Agreement has been signed between AIOC and the Baku Mayor’s office for improvements to be made. Specifically, the current scope of the community investment project is to improve the sewage collection and distribution system in the Umid and Sangachal communities.

It is noted that the primary goal of installing the sewage treatment plant (STP) network across the Project sites was to avoid what is currently happening in the field. The Project should not rely on existing facilities (out of Project’s control) and should operate in a way that only treated water is discharged into the environment or to existing municipal waste water networks.

*(Level II Non-Compliance, Aims and Objectives of the Pollution Prevention Plan, Wastewater section).*

### STEP – TKAZ

The STP at this location is reported to have been overloaded in the past, but the plant has been recently upgraded and now can accommodate about 300 cubic meters per day. The problem of the overload was and sometimes is still an open issue, but the
performance of the plant has improved significantly, although effluent is still non-compliant. Effluent test results made available by the Project referring to samples taken in April 2004 and coliform bacteria were still high at that time. Effluent is sent to the Sahil municipal plant (presumably not in compliance with applicable Project standards) for final disposal.

**SPS - MCCI Topsides**

The STP unit capacity is 200 cubic meters per day. Several technical/design and procedural problems were raised during the internal audit conducted by the Project in February 2004, but remedial measures had not been implemented at the time of the IEC visit. The main problem is probably the fact that the plant is undersized and needs, at a minimum, some additional capacity. It should be noted that this site has little space for expansion and it might be necessary to move the facility if expansions are to be constructed. The quality of the effluent is not compliant and the wastewater is currently sent to the municipal network and treated (presumably not in compliance with applicable Project standards) at the Sahil municipal treatment plant before being released into the environment.

**Bibiheybat Oilfield – ATA Yard**

Based on the documentation made available, IEC recognizes that there has been a big improvement in the performance and management of the STP at this location over the past few months. Many of the recommendations identified during the audit early this year were implemented and now the Project Team is working towards implementing these recommendations, as well as the required actions specified in a more recent follow-up audit. Nevertheless, the STP is still non-compliant, and both Contractor and ACG teams are working together to achieve acceptable Project standards in the near future. The current situation does not yet allow for discharge of the effluent to the environment and the effluent is sent by trucks to the Sahil municipal treatment plant (again, presumably not in compliance with applicable Project standards). The problem is still coliform bacteria which often exceed compliance levels.

### 2.3.4 Wastewater management – Recommendations

1. ACG should consider including improvements to the Sahil municipal Wastewater Treatment Facility within what has already been planned for the CIP, as also noted in Section 2.4, especially considering that the Project contributes about 25 to 30% of the total wastewater volume treated by the plant according to Project information. The Project and the local community would greatly benefit if this plant could be made to be compliant with applicable Project standards.

2. ACG should consider for implementation by Contractors, the operational solutions recently adopted by BTC in Georgia, specifically tertiary treatment
with reed beds. IEC encourages that the applicability of this simple solution be assessed (basic design, simple construction, no special equipment needed, simple maintenance and management, no need for highly qualified technicians to operate);

3. ACG needs to improve its effort to achieve acceptable STP operations and to encourage the Contractors to immediately implement remedial actions to achieve Project standards. Contractors have not achieved compliant operations since the beginning of their respective activities and, similar to the problem of solid waste disposal, the practice of adhering to “national practices” or BP AZBU policies and procedures (e.g. use of existing municipal treatment facilities) is unacceptable given obligations of the Project to be compliant with Project commitment as stated in the ESAP and other relevant documents.

2.3.5 Pollution Prevention - Observations

The ACG Project has adopted a pollution prevention plan aimed at systematically identifying potential impacts from construction activities and implementing avoidance and mitigation measures to minimize the likelihood, extent or duration of their occurrence, and any associated adverse effects. The mitigation measures include: spill prevention and management; management of existing contaminated areas, if any found during construction; groundwater protection; surface water protection; ecological receptor protection; air quality protection and dust mitigation; noise control; and soil erosion control.

Various provisions apply directly to the protection of surface and ground waters, including: permanent fuel and chemical storage, hazardous material storage, vehicle maintenance facilities, wastewater discharges, controlling run-off, and disposal of hydrotest water and STP effluent.

It is noted that chemical and fuel storage facilities should be constructed in accordance with international best practice, which includes the following requirements, amongst others:

- Double skinned oil and fuel storage tanks, or installation of storage tanks in a suitably sized and constructed concrete bund. The bund volume should be no less than 110% of the tank volume;

- Storage tanks should be designed, constructed and tested to an appropriate code;

- Areas for road tanker parking and delivery should be surfaced and drained to a receiver/interceptor; and
Discharge of rainwater and run-off from the storage and delivery areas should be made to a treatment system designed to meet the project water discharge standards.

The EPC Contractors are also required to develop and implement a hazardous materials management plan (as part of the Pollution Prevention CIPP). Areas of the facilities that have the potential to contaminate storm water flows should have impermeable slabs collecting and directing storm water runoff to appropriate flow balancing and storm water treatment systems.

Air emissions, noise and vibration monitoring are also to be monitored by the EPC Contractors to ascertain that construction activities do not impact on the environmental and human receptors potentially affected by the Project.

**STEP – TKAZ**

In spite of a significant effort observed inside the construction site at Sangachal Terminal (e.g. confinement of areas for temporary storage of hazardous material), a critical condition was identified at the fueling station used by the Project. The fueling station at this location is not compliant with the requirements of this Project and does not provide sufficient confidence to demonstrate the prevention of environmental pollution:

- There is no containment platform where the vehicles are fueled and small quantities of contaminated soil were placed in a waste bin also used for trash (domestic waste, paper, plastic, etc.);

- Soil staining indicates that the fuel tank containment has been drained out to the ground without any treatment. There is no OWS at this site;

- There are small holes in the fuel tank containment at the base which prevent proper containment;

- An oil spill kit was not available at the site;

- Flammable trash (wood and plastic) was observed next to the fuel tank.

Similar observations apply to the fuel tank dedicated to the main heating station inside the camp. Proper containment was not present at the edge of the unloading platform and the personnel were not aware of the fate of the potentially contaminated water from the containment of the fuel tank.

*(Level II Non-Compliance, Aims, Objectives and Prescription defined in Fuel Storage, Refueling and Drainage Sections of the Pollution Prevention Plan; Commitment: PP7).*
As mentioned previously at the CWAA there is no spill containment structure and there is no proper OWS.

**SPS - MCCI Topsides**

IEC observed the application of good practices related to pollution prevention inside the yard. Hazardous material in most of the cases was properly stored and hazardous waste collected and temporarily stored inside the facility was properly confined and stored. A few non-compliant conditions at the CWAA were observed. Specifically, the OWS does not appear to be properly maintained and a significant amount of oil was observed in the last separation chamber. The system, according to the information from personnel at site, does not have an outlet and the water is collected with a vacuum track and sent to a municipal facility. The accessibility to the tank is very limited and should be reviewed to facilitate inspection and maintenance. IEC also recommends reviewing the procedures adopted by AA Services at this site to determine if the final destination of the oily water is consistent with objectives and commitments defined in the ESAP and relevant CCPs. *(Level I Non-Compliance, CCP Waste Management Plan, Waste Storage Section, Commitments ID: WM 1,14; Level I Non-Compliance, Aims, Objectives and Prescription defined in the Pollution Prevention Plan; Commitment: PP7).*

**Bibiheybat Oilfield – ATA Yard**

IEC observed the application of good practices related to pollution prevention inside the ATA yard. Hazardous materials temporarily stored inside the facility were properly confined and stored.

Conditions at the CWAA need some improvement. The OWS that collects all runoff from the area was found to contain a significant amount of oily water in the final chamber. The fate of the contaminated water in the OWS was unclear, as the site personnel were not aware of the final fate of this wastewater, which is eventually connected to a second OWS inside of a third party facility nearby. The accessibility to the tank is limited and should be reviewed to facilitate inspection and maintenance. IEC also recommends reviewing the procedures adopted by AA Services at this site to determine if the final destination of the oily water is consistent with objectives and commitments defined in the ESAP and relevant CCPs. *(Level I Non-Compliance, CCP Waste Management Plan, Waste Storage Section, Commitments ID: WM 1,14); Level I Non-Compliance, Aims, Objectives and Prescription defined in the Pollution Prevention Plan; Commitment: PP7).*

**2.3.6 Pollution Prevention – Recommendations**

1. ACG – Contractors: review the status, the effectiveness, the management and the maintenance activities of all OWSs prior to discharge to the environment at any ACG Project related location. IEC considers this issue a systemic problem and encourages the Project to establish a dedicated Task Force
aimed at this specific issue. The scope of the Task Force should include:
identification of all potential pollution sources; assessment of the current
status of the containment of oily water; evaluation of the performance,
operational procedures, and maintenance practices of the existing OWS
systems; and evaluate the consequence of possible critical conditions as a
consequence of poor practices applied until now

2. Improve the training and the environmental awareness of the operators of
these facilities;

3. Guarantee the minimum requirements in terms of pollution prevention at all
fueling stations and verify the on-site presence of oil spill kits.

4. Assess if any specific environmental impacts already have been occurred at
the Fuel Station at Sangachal Terminal.

5. IEC also recommends reviewing the procedures adopted by AA Services at
the CWAA at the Bibiheybat Oilfield – ATA Yard and the CWAA at the SPS
– MCCI Topsides to determine if the final destination of the oily water is
consistent with objectives and commitments defined in the ESAP and
relevant CCPs.

2.4 COMMUNITY LIAISON

The information included in this section were obtained by IEC from Project team
during the visit as well as from Project prepared public documentation.

Community investment projects are aimed at providing positive benefits to the
population, contribute to meeting community expectations of benefits from ACG
Project activities, and deliver mutual gain for communities near the ACG Project
area. The public consultation and disclosure plan was establish to define appropriate
approaches to consultation and disclosure. It ensures that adequate and timely
information is provided to Project-affected communities and other stakeholders.

The Community Investment Program (CIP) is taking place at the Sangachal Terminal
covering the Garadag District generally, while the other for the C&WP construction
project is taking place in the ATA yard at Bibiheybat. They are monitored under the
scope of work of the SRAP Panel.

Liaison with local communities is undertaken in accordance with the Community
Liaison Management Plan by Community Liaison Advisors. Three information
centers have been operating in the Garadag Region since January 2002, providing a
venue for consultation and information dissemination as well as providing
recruitment and grievance mechanisms. These centers have had over 23,000 visitors
including individuals, Government representatives and local community groups.
Another Community Resource and Information Center was opened in the Bibiheybat
community area. This facility, which opened in March 2004, provides local residents with information about the Project, allows them to file project comments and complaints and prepare application for employment with the Project.

2.5 HEALTH AND SAFETY

There is an extensive effort made by the ACG organization to properly manage the safety performance of the different parties involved during the Project development. A comprehensive Health and Safety (H&S) Management system is in place and dedicated H&S Plans and Manuals have been developed. The activities performed by the H&S team are extensive and include the significant components of the most advanced safety management systems (training, monitoring, auditing, risk analysis, safety data collection and reporting, etc.). An extensive analysis of safety data and statistics is performed including incident analysis and evaluation of immediate and root causes. Results of these analyses are shared with the contractors to improve Project performance. During the site visit IEC observed the good application of PPE across the working sites as well as the appropriate application of safety procedures during activities (e.g. high work, crane operations, etc.).

An open culture of incident reporting is also actively implemented, and to ensure continuous improvements several H&S campaigns have been formulated based on previous experiences and lessons learned during Project development. IEC encourages this attitude and acknowledges also the additional educational value to the local workers.

2.6 ENVIRONMENTAL MONITORING

2.6.1 Observations

The environmental monitoring programs being implemented by the Project have been reviewed on the basis of reports provided by ACG, rather than direct field observation.

The Integrated Environmental Monitoring Program (IEMP) of BP Azerbaijan includes several monitoring studies, developed according to methods which are reviewed to ensure that they are appropriate for the purpose of detecting and tracking changes, including natural background changes and changes associated with activities of BP and other parties. The IEMP is therefore a dynamic, flexible framework program, which is formed by specific, interlinked studies. According to the IEMP philosophy, these studies are not to be taken in isolation, but each of them includes information of value for the other studies. The IEC therefore understands that the survey schedule and methods for the medium-long term may be modified by the Project in order to achieve the maximum benefit from the monitoring studies.

The overall activities performed by the ACG Project team in respect of the Environmental Monitoring are described monthly in a specific “Monthly
Environmental Monitoring Report”. IEC has the opportunity to review the reports from last three months for March, April and May 2004. The reports present a summary of the status of the two main monitoring programs:

? Operational monitoring of the atmospheric condition at ATA yard and at Sangachal Terminal;

? Ecological monitoring focused on the marine and terrestrial environment in the area of the Sangachal Terminal.

Within these two programs, individual components can be identified, as follows:

? *The Hydrographic Survey* aimed at the creating a database of weather and current data in the Sangachal Bay and to improve the understanding of the near shore water movement and meteorological conditions of the area. The final report of this activity (May 2003 to May 2004) is being prepared and should be issued soon.

? *The Sangachal Benthic Survey* aimed at assessing the abundance, biomass and distribution of benthic communities in the Sangachal Bay. The survey was conduct in 1996 and 2000 to evaluate the evolution of the benthic communities; the draft of the report has been produced and the final is being prepared.

? *The Biomonitoring Survey (2003)* aimed at assessing the water contamination in the Sangachal Bay by using bivalve mollusks as biological indicators of water contamination. The survey started in September 2003 and the final report, due by January 2004, is still under preparation and should be issued in the next few weeks. The Biomonitoring Survey (2004) is a repeat of the one of the previous year. The scope of work has been defined and the activities should start during the summer;

? *The Pipeline Trenching Monitoring (2004)* aimed at the evaluation of the contamination level of the sediments excavated during the ACG Phase 2 pipeline trenching in the Sangachal Bay. The survey includes taking samples by divers during trenching operations for further analysis. The scope of work has been defined, proposal submitted and agreed, but unfortunately the survey not started due to the unavailability of divers.

? *Offshore Sangachal Baseline Survey (2004)* aimed at assessing the sensitivity of the environment that may be affected by the future produced water from Sangachal Terminal. This survey will provide the baseline data for future evaluations. The survey started in March 2004, but the final report is not available yet.

? *Sangachal Bay Fish Monitoring (2004)* is continuing after the first monitoring program in 2002-2003. The objective is to preserve the continuity of the
collection of fish in the bay and compare the health status of the fish population with the baseline data. The report from the 2002-2003 is still under preparation and the scope of work for the 2004 campaign has been prepared and the request for proposal is an on-going process.

- **Sangachal Bay Sea Grass Survey** aimed at improving the knowledge of the sea grass and algae distribution in the bay. The first survey was conducted in 2001-2003 and now the new scope of work for the 2004 campaign is being prepared.

- **The Combined ACG Regional and CA Post-Well survey (2004)** aimed at obtaining long term trends in the environmental status of the sea region (benthic, water and plankton) and a specific survey for the post drilling phase at the Central Azeri field. The survey is planned in July 2004. A draft proposal has been received and preliminary discussion for vessel availability has been made. The final report should be available later this year.

- **The Over-Wintering Bird Survey (2004)** is a repeat of the 2002 and 2003 surveys and is aimed at assessing the abundance, distribution and movements of the over-wintering waterfowl along the southern coast of the Caspian Sea, including those areas close to BP operations. The survey was conducted in January 2004 and the draft report is being revised.

- **The Breeding Bird Survey (2004)** under the framework of the AZBU Integrated Environmental Monitoring Programme to assess the significance of the Sangachal Terminal area for the population of the breeding birds. The scope of work and implementing organization (IO) have been identified and activity started recently. A final report should be available by the end of this summer.

- **Integrated Terrestrial Ecosystem Monitoring (2004)** aimed at evaluating the terrestrial ecosystem at the territory surrounding Sangachal Terminal. It includes flora, soil, fauna, surface water and wetland components. The survey started in May and it is still on-going.

- **ATA Yard Air Monitoring (2003-2004):** the scope is a regular air quality monitoring at the ATA fabrication yard to characterize the variability of air quality and to assess the occupational hygiene conditions on site. Data were and will be collected during May 2003, and between October 2003 and August 2004. Interim reports have been prepared: the third interim report is supposed to be submitted in July 2004.

- **Sangachal Ambient Air Monitoring (2004-2005).** The scope is to assess the air quality at the Sangachal Terminal. It is part of the Integrated Environmental Program developed by AZBU and includes long term and short term measurements including visibility, particulates, primary chemical species and secondary chemical species. The survey is to start in July 2004 and the final report is planned for March 2005.
IEC acknowledges the impressive amount of monitoring and survey data which have been, are being and will be collected by the ACG Project in cooperation with the AZBU.

2.6.2 Recommendations

1. Final Report of the Sangachal Benthic Survey to be finalized.

2. Pipeline Trenching Monitoring 2004: initiate the survey as soon as practical.


5. Make sure that the national and international scientific community, beyond the monitoring of the different environmental components for the purposes of the Project, is informed of the results of the surveys and monitoring activities performed by the Project.

2.7 ENVIRONMENTAL INVESTMENTS

2.7.1 Observations

ACG has committed a significant budget for environmental offset and investment programs. To date, two projects have received support: the protection of the augmentation of the population of the spur-thighed tortoise *Testudo Graeca* and the planting of a tree corridor at Sangachal by a local NGO.

Because of the significance of the EIP during the ACG construction phase for demonstrating environmental leadership, addressing stakeholder concerns, and honoring public commitments on biodiversity, the IEC again reiterates the importance for a thorough independent review and intends, if authorized, to perform a thorough review of the program organization and implementation during the upcoming mission.
Appendix A
Trip Summary- 1st IEC Mission by D’Appolonia – July 2004

July 3 – Azerbaijan. Arrive in Baku early morning; meeting with ACG Project Central Environmental Team, in the afternoon visit the Sangachal Terminal and meeting with the STEP Project Environmental Team.

July 5 – Azerbaijan. Visit at Sumqayit dump site. Stop at the landfall area and then visit the AIOC topside facility yard – MCCI.

### Appendix B

#### Table B-1: Non-Compliances with ESAP – ACG Project

<table>
<thead>
<tr>
<th>Section Ref.</th>
<th>Observation</th>
<th>Non-Compliance</th>
<th>Level</th>
<th>Comments / Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3.1</td>
<td>At the CWAA operated by AA Services at the ATA Yard, most of the hazardous waste was stored in drums within containers, but ventilation measures were missing. Without this ventilation, the containers might be candidates for a confined space entry policy.</td>
<td>ESAP – Annex E - HSE Principles - Monitoring Effectiveness, Management of Hazards</td>
<td>I</td>
<td>Ventilation such as could simply be holes or small windows at the side top of the container would probably be sufficient to reduce the health hazard.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CCP Waste Management Plan, Waste Storage Section, Commitments ID: WM1</td>
<td>III</td>
<td>The disposal of waste at a municipal dump site is inconsistent with the aims and objectives of the Waste management Plan. In particular, the project has committed to dispose of waste in an acceptable manner, but the Sumqayit landfill cannot be considered as “acceptable” under any standard.</td>
</tr>
<tr>
<td>2.3.3</td>
<td>The STPs operated at the different ACG Project sites send non-compliant wastewater discharges to the Sahil municipal treatment plant, which is considered to be non-compliant to Project standards.</td>
<td>Aims and Objectives of the Pollution Prevention Plan, Wastewater section</td>
<td>II</td>
<td>It is noted that the primary goal of installing the sewage treatment plant (STP) network across the Project sites was to avoid what is currently happening in the field. The Project should not rely on existing facilities (out of Project’s control) and should operate in a way that only treated water is discharged into the environment or to existing municipal waste water networks.</td>
</tr>
<tr>
<td>2.3.5</td>
<td>The fueling station at Camp Fueling Area in the STEP does not provide sufficient confidence to demonstrate the prevention of environmental pollution. Specifically, there is no containment platform where the vehicles are fueled, the fuel tank containment has been drained to the ground, there is no OWS at this location, there are holes in the</td>
<td>Aims, Objectives and Prescription defined in Fuel Storage, Refueling and Drainage Sections of the Pollution Prevention Plan; Commitment: PP7</td>
<td>II</td>
<td>The Contractors should review the status, the effectiveness, the management and the maintenance activities of all systems associated with pollution prevention including containment systems and OWSs.</td>
</tr>
<tr>
<td>Section Ref.</td>
<td>Observation</td>
<td>Non-Compliance</td>
<td>Level</td>
<td>Comments / Recommendations</td>
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<tr>
<td>2.3.5</td>
<td>The OWS at the SPS - MCCI Topsides CWAA does not appear to be properly maintained and a significant amount of oil was observed in the last separation chamber.</td>
<td>CCP Waste Management Plan, Waste Storage Section, Commitments ID: WM 1,14; Aims, Objectives and Prescription defined in the Pollution Prevention Plan; Commitment: PP7</td>
<td>I</td>
<td>IEC recommends a specific Task Force to evaluate the performance of OWSs.</td>
</tr>
<tr>
<td>2.3.5</td>
<td>Conditions at the ATA Yard CWAA need some improvement. The OWS that collects all runoff from the area was found to contain a significant amount of oily water in the final chamber. The fate of the contaminated water in the OWS was unclear, as the site personnel were not aware of the final fate of this wastewater, which is eventually connected to a second OWS inside of a third party facility nearby. The accessibility to the tank is limited and should be reviewed to facilitate inspection and maintenance.</td>
<td>CCP Waste Management Plan, Waste Storage Section, Commitments ID: WM 1,14; Aims, Objectives and Prescription defined in the Pollution Prevention Plan; Commitment: PP7</td>
<td>I</td>
<td>Same as above</td>
</tr>
</tbody>
</table>