

SANCTION NOTICE

To: **CNR International (U.K.) Limited**
Company Number: 00813187

Address: **C/O Pinsent Masons LLP**
1 Park Row
Leeds
United Kingdom LS1 5AB

Date: **22 December 2025**

1. SANCTION NOTICE

- 1.1. This Sanction Notice is given to CNR International (U.K.) Limited ("**CNR**") pursuant to section 42 of the Energy Act 2016 (the "**2016 Act**").
- 1.2. For the reasons given in this Sanction Notice, the North Sea Transition Authority ("**NSTA**") gives a Sanction Notice to CNR for its failure to comply with a petroleum-related requirement and a Financial Penalty Notice which imposes on CNR a financial penalty of **£250,000 (two hundred and fifty thousand pounds)**.

2. SUMMARY OF FACTS

- 2.1. This Sanction Notice relates to exceedances of two separate vent consents by CNR in the Columba B/D, Columba E, Lyell and Ninian fields (collectively "**Ninian Assets**").
- 2.2. The first exceedance occurred in relation to the annual vent consent of 213.89 tonnes granted to CNR for the Ninian Assets for the period from **1 January 2023 to 31 December 2023** (the "**Consent**"). During the period **1 January 2023 to 22 November 2023**, CNR vented 2753.7 tonnes, exceeding the Consent by 2539.81 tonnes. CNR exceeded the Consent on **17 March 2023**.
- 2.3. A new consent was issued on **23 November 2023** ("**New Consent**") for the period **23 November 2023 to 31 December 2023**, which superseded the original Consent, allowing for venting of 22.62 tonnes for this 39-day period. During the period **23 November 2023 to 20 December 2023**, CNR vented 73.80 tonnes inclusive, exceeding the New Consent by 51.18 tonnes. The New

Consent was exceeded, at the latest, on **14 December 2023**. A further consent was issued for the period **21 December 2023** to **31 December 2023**.

3. BACKGROUND

Exceedance 1

- 3.1. On **29 September 2023**, CNR submitted its vent consent application for 2024 via the NSTA's Energy Portal based on actual Ninian venting figures for Q4 2022 & Q1-3 2023. On **6 November 2023**, CNR said it had become aware that it had potentially exceeded the Consent "when the numbers were presented in a return from the NSTA". The "return" from the NSTA to CNR set out: *"The vent report in the application would suggest that the 2023 vent consent was breached as early as February 2023. Please verify whether this is the case, and provide an explanation."*
- 3.2. On **15 November 2023**, the NSTA met CNR, primarily to discuss the 2024 Flare consent application CNR had submitted. At this meeting, the NSTA queried whether CNR had exceeded the Consent.
- 3.3. On **17 November 2023**, in response to the NSTA query on **15 November 2023**, CNR set out that, for the Ninian Assets, it had exceeded the Consent on **17 March 2023**. CNR explained that:
- 3.3.1. *The exceedance was "due to the shortage of flare ignition cartridges during Q2 2023".*
- 3.3.2. *"The Production Manager and the two previous Production Engineers who looked after Flaring in the past have all left CNR between February 2023 – August 2023 and it is now apparent that [the allocation between Flaring and Venting] has been missed."*
- 3.3.3. *"Our work to reduce 'Cold-Flaring' since May 2023 has resulted in a reduction to around 104.38 MT, which suggests that our applied consent for 2024 will be sufficient."*
- 3.3.4. *"By increasing our flaring volume to 2.2mmscf/d, we have significantly reduced the frequency of 'Flare-out' events. We have also implemented tools to allow us to differentiate between Flaring and Venting. The amalgamation of the Operations and Production departments will ensure that the data is now being correctly allocated to prevent re-occurrence of the 2023 allocation issues."*
- 3.4. On **15 May 2024**, CNR confirmed that during the period **1 January 2023** to **22 November 2023**, it vented 2753.7 tonnes, exceeding the Consent by 2539.81 tonnes.

Exceedance 2

- 3.5. On **20 November 2023**, CNR made a vent consent application for the Ninian Assets to cover the period until **31 December 2023**. On **23 November 2023**, the NSTA consented to the application, following which the New Consent superseded the original Consent on **23 November 2023**. The New Consent permitted venting of 22.62 tonnes for the 39-day period between **23 November 2023** to **31 December 2023**.
- 3.6. On **15 December 2023**, CNR informed the NSTA that it had exceeded the New Consent and was taking the following measures to limit its venting:
- 3.6.1. *"[W]e have reduced our flare rate (vent rate) whilst we were struggling to get the flare lit, however we have to increase the rate again to attempt to light and keep it lit. We had success this morning for a period but it went out again. We have now moved on to the South Flare as of 14:05 and the flare is lit again and been online for over an hour now."*

- 3.6.2. *"In the interim periods we reduced the flare rate (vent rate) again to allow us to reconfigure the plant."*
- 3.6.3. *"[W]e can redirect[] the Orlando and other flare sources to fuel gas to reduce our venting amount, but need to vent a small amount to keep the purge going."*
- 3.7. On **20 December 2023**, CNR informed the NSTA that following a change in both the North and South Flare Tips in 2021, there had been an increase in "flame outs" due to eliminating the perforations on the old corroded flare tips which were allowing some air ingress into the flare tip to maintain the flame more easily. CNR further informed the NSTA that:
- 3.7.1. The flame out issue was mainly alleviated by the increased flare rate. However, there were certain wind conditions in which CNR struggled even with higher flare rates to keep it lit.
- 3.7.2. Certain wind directions appeared more favourable for each flare tip to remain lit due to the disruption/increased turbulence of the wind flow by the path around the platform.
- 3.7.3. While not trying to light the flare, or during periods while venting and waiting for the wind to improve, CNR cut back the flare rate to the minimum purge ~0.42MMSCFD (8T/d) by feeding all remaining gas forward for fuel, which in turn reduced import gas use. Cutting back production would not improve this any further unless they shut in all production.
- 3.8. On **11 September 2024**, CNR confirmed that during the period **23 November 2023** to **20 December 2023**, it vented 73.80 tonnes, exceeding the New Consent by 51.18 tonnes.

Relighting the flare

- 3.9. CNR explained that *"[t]he basis of design for flare ignition on the Ninian Central Platform (NCP) and Ninian Southern Platform (NSP) was, and continues to be, ignition by flare gun launched flare ignition cartridges."* Although a project to install an auto-ignition system and flare recovery package on NCP was considered, given Cessation of Production for all Ninian fields is forecast to be 2025-27, the project was cancelled.
- 3.10. Usually, CNR restocks flare cartridges when its inventory drops to below 100. When their usual supplier could not fulfil CNR's demands, an alternative supplier was found; however, this meant that CNR did not receive any new flare cartridges from **27 January 2023** to **20 April 2023**.

Guidance

- 3.11. The NSTA issued new Flaring and Venting guidance in June 2021 (the "**Guidance**"). CNR said on **11 September 2024** that its Operations personnel were made aware of the Guidance on **13 September 2023**. CNR could not confirm when others, no longer with CNR, may have been made aware.
- 3.12. The Guidance sets out *"that a flare gas stream emitted without ignition (i.e. Cold Flaring) should be reported as vent"* and that *"Operators must inform the OGA as soon as it becomes clear that there is a risk of flaring or venting consent breach."* CNR has said that a lack of familiarity with the protocols and processes of contacting and liaising with the NSTA was a contributing factor for the delay in informing the NSTA of the exceedance. CNR accepted that the Guidance *"was not widely distributed within the organisation"* at the time of the first exceedance and that *"this resulted in CNR continuing to include and report cold flaring periods as part of operational flaring rather than venting."*

Monitoring and reporting

3.13. CNR has said that it monitors whether the flare is lit on both NCP and NSP using CCTV cameras which deliver a live feed to the respective platform's control room.

3.14. CNR has said that it monitored emissions compliance through the Production Department who *"closely monitored the Flare Consents and ensured that that these were not exceeded within the granted allowances for the year. This department processed all of the returns and applications."* CNR further set out that:

"NCP [Ninian Central Platform] presents a considerable challenge with regards to keeping the flare lit and we were concerned about the safety consequences during the periods of having an unignited flare. In March 2023 we introduced detailed monitoring of the flare 'Cold Flaring' events with regards to wind direction and strength.

Historically 'Cold Venting' had been minimal and a small consent had been applied for by the Production Department. The engineer who took the lead on reporting was unaware of the above issue on NCP (he was assigned to NSP [Ninian Southern Platform], which has little to no cold flaring or venting issues and had mistakenly assumed NCP was the same)."

3.15. CNR has stated that it has taken the following steps to prevent future exceedances of its vent consent:

3.15.1. CNR has collected over 12 months of data on the environmental effects which are causing the conditions leading to higher venting volumes on NCP.

3.15.2. CNR has updated its procedures to ensure that it is accurately recording venting events. This is reviewed monthly against the annual consent and CNR is engaging with the NSTA should there be issues identified.

3.15.3. Due to environmental conditions causing excess venting, CNR has approached the NSTA with regards to a combined Flare Consent for the Orlando and Ninian fields (which both produce across NCP) to allow a single point of flare/venting which allows CNR to react more quickly should the wind direction change and CNR finds that it cannot keep either flare lit.

3.15.4. The CNR offshore teams have been given clear and specific guidance on flare selection based on wind direction, not only from a safety point of view but also with regards to ensuring that the flare selection is optimal to minimise venting and keep the flare lit. Based on the increased data, CNR is able to more accurately monitor its venting.

3.15.5. To ensure that the flare has the best chance of remaining lit during a significant offshore storm, CNR provides extra gas. However, in the event the flare is extinguished, it will result in a higher-than-average gas volume being vented.

3.15.6. NCP now has two cameras installed to allow continual monitoring of the flare status from the Control Room and on noting a flare out, the Control Room Operators will reduce the gas going to flare to the minimum safe purge rates until the flare can be relit. This is recorded hourly to ensure it has accurate venting data.

3.15.7. To resolve the discrepancies in the communicated venting values, the granted consents are now available to the relevant personnel within CNR. Through sharing this information CNR's objective is to eliminate poor decision making at the point where venting could be exceeded.

4. LICENSEES

- 4.1. For the period **1 January 2023** to **31 December 2023**, CNR, CNR International (U.K.) Developments Limited, and Ithaca MA Limited were the licensees for Licences P199, P202, P203, P204 and P329 which cover the Ninian Assets. CNR was the operator for the licences at the time of the exceedances and was responsible for compliance with the Consent and the New Consent. Therefore, enforcement action has only been taken against CNR.

5. FAILURE TO COMPLY

- 5.1. The NSTA may use its sanction powers under Chapter 5 of Part 2 of the 2016 Act where there has been a failure to comply with a petroleum-related requirement. A petroleum-related requirement includes a requirement imposed on a person by or under a provision of the 2016 Act which is sanctionable in accordance with Chapter 5.

The petroleum-related requirement

- 5.2. The Consent and New Consent were issued pursuant to section 12A of the Energy Act 1976 (**"the 1976 Act"**). Section 12A(1)(b) of the 1976 Act specifies that the NSTA's consent is required for the disposal of natural gas *"by releasing it unignited into the atmosphere in connection with activities carried out under a licence granted under..."* section 2 of the Petroleum (Production) Act 1934 (**"the 1934 Act"**). Sections 12A and 12B of the 1976 Act were inserted by Schedule 1 of the 2016 Act.
- 5.3. Licences P199, P202, P203, P204 and P329 were granted under section 2 of the 1934 Act. CNR's unauthorised venting in 2023, in exceedance of the Consent and New Consent, occurred in connection with activities carried out with licences P199, P202, P203, P204 and P329.
- 5.4. The NSTA considers that, on two separate occasions in 2023, CNR disposed of natural gas by releasing it unignited into the atmosphere in connection with activities carried out under licences granted under section 2 of the 1934 Act without the necessary consent, contrary to section 12A of the 1976 Act (**"the Breaches"**).
- 5.5. Section 12A(3) of the 1976 Act provides an exemption from obtaining the consent of the NSTA to dispose of gas where it is necessary to dispose of the gas in order to avoid the risk of injury, that the need to dispose of the gas could not reasonably have been foreseen and it was not reasonably practicable to obtain consent to dispose of the gas in the time available. CNR has not made representations that it needed to vent pursuant to section 12A(3) of the 1976 Act and, based on the information currently before the NSTA, the NSTA does not consider that section 12A(3) of the Energy Act 1976 applies.
- 5.6. Section 12B of the 1976 Act makes failure to comply with section 12A of the 1976 Act a petroleum-related requirement for the purposes of Chapter 5 of Part 2 of the 2016 Act and is therefore sanctionable under section 42 of the 2016 Act.

6. THE SANCTION

- 6.1. By section 12B(2) of the 1976 Act, where there is a failure to comply with the requirements under section 12A of the 1976 Act, the only available sanction is a financial penalty notice.
- 6.2. The NSTA gives this Sanction Notice with a financial penalty of **£250,000** (**"the Financial Penalty"**) in respect of the Breaches. In arriving at the level of the Financial Penalty, the NSTA has had regard to those matters listed in section 8 of the 2016 Act, in particular the need to

maintain a stable and predictable system of regulation which encourages investment in relevant activities.

- 6.3. Taking enforcement action in respect of a failure to hold the necessary statutory consent helps maintain a stable and predictable system of regulation by demonstrating how the NSTA is acting to ensure that regulatory obligations are complied with.

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

- 6.4. In deciding the level of financial penalty to impose in respect of the Breaches, the NSTA has had regard to its Financial Penalty Guidance¹.
- 6.5. The NSTA has considered carefully the aims set out in paragraph 24 of the Sanction Procedure Guidance² and paragraph 16 of the Financial Penalty Guidance, which are that any financial penalty determined should be among other things:
- 6.5.1. Effective in addressing the underlying cause for the failure to comply;
 - 6.5.2. Dissuasive of future failure to comply, either by the person or, further to publication of the Sanction Notice, other persons in similar circumstances; and
 - 6.5.3. Proportionate to the significance of the failure in the context of the petroleum-related requirement and the impact on the relevant persons.
- 6.6. Paragraph 17 of the NSTA's Financial Penalty Guidance sets out various matters that the NSTA may also take into account when determining the amount of a financial penalty, as follows:

The extent to which CNR may have sought to benefit from the failures to comply

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

Whether CNR gained as a consequence of the failures to comply

- 6.8. There is no evidence currently before the NSTA to suggest that CNR gained (financially or otherwise) from the failure to comply other than being able to vent more than was consented for.

The severity of the failures to comply

- 6.9. The factors set out above indicate that CNR had poor systems and process in place to monitor its venting volumes as against its consent to vent. The NSTA has repeatedly signalled to Industry that compliance with its regulatory obligations is vitally important to sustaining the Industry's social licence to operate in the UKCS. A failure to comply with the terms and conditions of a licence or consent has the potential to undermine public confidence in the ability of the Industry to operate within prescribed limits which in turn impacts and/or affects the Industry's social licence to operate. It may also undermine the confidence of investors and has the potential to undermine the authority of and confidence in the regulator, particularly if action is not taken when there is evidence a breach has occurred. That CNR breached two separate consents in quick succession is a relevant factor when assessing the severity of the failure to comply.

¹ [Financial Penalty Guidance](#)

² [Sanction Procedure](#)

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

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

Whether there are any relevant industry Codes of Practice

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

The duration of the contravention

- 6.12. The data provided by CNR shows that the Consent was exceeded on **17 March 2023**. CNR confirmed the exceedance of the Consent to the NSTA on **17 November 2023** and was unaware that it exceeded the Consent for approximately eight months; a significant period of time. CNR were much quicker informing the NSTA of the second exceedance, as it informed the NSTA on **15 December 2023**, which appears to be the day after the exceedance had taken place.

Mitigating and aggravating circumstances

- 6.13. The NSTA's Financial Penalty Guidance states that the NSTA may take into account the mitigating (paragraph 17.2) and aggravating (paragraph 17.3) factors. In proposing the fine level, the NSTA has taken into account the following:

Mitigating circumstances

- 6.14. CNR has fully co-operated with the NSTA's investigation.
- 6.15. CNR has taken steps to prevent future vent consent exceedances.
- 6.16. Cartridge availability – required for re-lighting the flare at the Ninian Assets – was problematic across the basin at the time of the exceedances. Not being able to re-light the flare quickly, for whatever reason, can cause a large volume to be vented, which would dwarf typical venting (and therefore a vent consent). There is no indication from CNR that they completely ran out of cartridges, just that they had problems in sourcing cartridges from their usual suppliers. They were able to source some cartridges; however, the relatively low number of cartridges could have impacted when, and how often, they tried to light the flare. Despite that, CNR are still responsible for managing their consents and ensuring that the consents are not exceeded.

Aggravating circumstances

- 6.17. There were two exceedances for the same assets within the same year, with the New Consent being exceeded within a month of CNR being informed they had breached the Consent and within three weeks of the New Consent being issued;
- 6.18. The NSTA brought the exceedance of the Consent to the attention of CNR;
- 6.19. The Guidance was not widely available internally at CNR at the time the Consent was breached and they had not taken steps to ensure that their employees, particularly those responsible for monitoring consents, were aware of their obligations; and
- 6.20. CNR did not appear to fully consider the extent of the weather when applying for the Consent or, particularly given its short-term nature, the New Consent. High winds are not uncommon in the North Sea and it is not unexpected to encounter problems lighting a flare with a shotgun during periods of high wind. The NSTA considers that it is the responsibility of the operator to

anticipate circumstances where venting might occur and make reasonable provision for such events within their applications for vent consents.

- 6.21. Given the above, in particular that there were two exceedances for the same asset within the same year, the NSTA considers it is appropriate to impose a sanction in respect of the Breaches and that a financial penalty set at **£250,000 (two hundred and fifty thousand pounds)** would send a strong message to CNR and other persons in similar circumstances that the NSTA takes compliance with the need to have appropriate venting consents in place seriously. In that regard, the NSTA considers that the level of the Financial Penalty would be effective in addressing the underlying cause of the Breaches, dissuasive of future failures to comply with regulatory obligations, and proportionate to the significance of the Breaches.

7. REPRESENTATIONS

- 7.1. A Sanction Warning Notice was given to CNR on **24 October 2025**, and CNR was given the opportunity to provide representations. CNR did not provide any representations on the Sanction Warning Notice.

8. PUBLICATION OF THE SANCTION NOTICE

- 8.1. Pursuant to section 53 of the 2016 Act, the NSTA may publish details of any Sanction Notice given in accordance with Chapter 5 of the 2016 Act.
- 8.2. The NSTA may not publish anything that, in the NSTA's opinion is (a) commercially sensitive; (b) not in the public interest to publish; or (c) otherwise not appropriate for publication.
- 8.3. The NSTA does not consider that the Sanction Notice contains any commercially sensitive information. Further, the NSTA considers that publication of the Sanction Notice without redaction is both in the public interest and appropriate. The NSTA considers that the public interest in publishing the Sanction Notice includes:
 - 8.3.1. developing public and investor confidence in the UK Continental Shelf by demonstrating how the NSTA is acting to ensure that regulatory obligations are complied with;
 - 8.3.2. encouraging licensees to come forward with information that can assist NSTA investigations;
 - 8.3.3. enhancing licensee and public understanding of when the NSTA does, and does not, consider it appropriate to take enforcement action;
 - 8.3.4. providing a means of achieving due process and ensuring that parties directly involved in the case are treated fairly; and
 - 8.3.5. dissuading others from failure to comply.
- 8.4. Therefore, the NSTA considers it appropriate to publish the Sanction Notice.

Jane de Lozey

Director of Regulation

North Sea Transition Authority