

PRESS RELEASE

17th June, 2011

CASTROL AND K&D PRATT MEET ENVIRONMENTAL CHALLENGES

TIGHTENING MONITORING OFFSHORE BY CANADIAN ENVIRONMENTAL REGULATORS HAS PROMPTED CASTROL OFFSHORE AND ITS CANADIAN DISTRIBUTOR K&D PRATT, TO HIGHLIGHT THE IMPLICATIONS OF EXISTING GUIDELINES THAT ENCOURAGE THE SELECTION OF CHEMICALS WITH SUPERIOR ENVIRONMENTAL PERFORMANCE TO MINIMISE THE POTENTIAL IMPACT OF DISCHARGES.

The partners point out that, while not explicitly expressed in selection criteria, Canada's guidelines recognise the principle of 'substitution', whereby technically feasible substitutes should be found for potentially environmentally damaging chemicals in products. Together, Castrol and K&D Pratt deliver a complete range of environmentally responsible subsea fluids and topside lubricants to their regional customers.

The Offshore Chemical Selection Guidelines (OCSG) for drilling and production in Canada use UK ratings to assess whether a product is acceptable for use and discharge offshore. They apply to a large range of lubricants and hydraulic fluids used in topside and subsea applications, including thrusters, subsea and surface production control systems, blow out preventers, subsea isolation valves, crane and drilling system hydraulics, mooring winch gears and jacking legs.

Operators are expected to select products using the OCSG guidelines to ensure that they have

minimal marine environmental impact; for example, the Canadian government recently began asking offshore permit holders for OSPAR (Oslo & Paris Convention) information on the environmental specifications of thruster fluids.

Meanwhile, the Canada Newfoundland and Labrador Offshore Petroleum Board has introduced regular rig inspections (once every three weeks), seeking to enforce existing rules more strictly. These audits will assess whether operators have selected products that minimise environmental impact.

Jason Vallier, North American Distribution Manager at Castrol Offshore, said: "We have been consistently ahead of the curve with regard to global legislative and environment requirements for subsea fluids and topside lubricants, including Canada, with products that have proven their performance both in field experience and through third party independent testing."

Mr Vallier said that among the successful products has been Castrol Transaqua HT2, its latest generation water-based hydraulic control fluid, used for controlling subsea production systems. Transaqua HT2 is fully compliant with OSPAR requirements, which promote the selection of chemicals with lower marine toxicity, improved biodegradation and reduced potential for bioaccumulation.

Transaqua HT2 is recognised by both OSPAR and OCSG as a fluid that does not include any

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component that could be deemed substitutable in terms of environmental impact. Castrol's subsea products are complemented by its range of Greenfield environmentally responsible topside hydraulic fluids and lubricants. These products have been fully tested to OSPAR requirements.

Andrew Bell, K&D Pratt president added: "K&D manages a number of customer contracts under the Castrol brand, using its own warehousing and logistic capabilities. We maintain a strong product position for topside and subsea fluids and lubricants in this region due to the combination of Castrol Offshore product performance and K&D's logistical capabilities and strong relationships."

With distribution centres in St John's and Dartmouth, Mr Vallier said K&D Pratt had been critical in supporting Castrol's strong regional presence.

"Castrol is the leading supplier of subsea control fluids to Canada's east coast and K&D Pratt has also proved to be a true business partner on applications such as hydraulics, gearboxes, pumps, compressors, motor bearings, etc." said Mr Vallier.

"Castrol has integrated its proactive approach to legislation into its Research and Development programme to ensure that components used do not include environmentally harmful products.

The quality of our products is due to many factors, including access to the broader resources of Castrol, our specialist Offshore team and the capabilities of our Global Technology Centre in Pangbourne, UK, which is second to none in product R&D and performance testing. Our distribution partners are a critical link in the chain when it comes to delivering on our promises."

For more information, please contact: Hugh O'Mahony, JLA Media, Thornton House, Thornton Road, Wimbledon, London SW19 4NG. Tel: +44 7949708679, email hugh.omahony@j-l-a.com

Notes for editors:

About Castrol Offshore: Castrol Offshore is a fully integrated global supplier of lubricants and control fluids dedicated to the offshore industry. With over 30 years' industry experience, its customer base includes major drilling and production companies and it has offices and supply points servicing all of the world's major offshore centers.

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