**Agenda**

**Introduction and background**

Jane Cutler  
CEO

**Regulating safety and well integrity**

Cameron Grebe  
General Manager Environment

**Regulating**

- **environmental management**

  Karl Heiden  
  Environment Manager – Implementation & Guidance

- **oil spill contingency plans**

  Matthew Smith  
  Environment Manager – Spill Assessment

**Questions and feedback**

Ref 214905
Introducing NOPSEMA

Jane Cutler
Chief Executive Officer
NOPSA to NOPSEMA background & history

2005  **NOPSA established** for regulation of safety  *(1 January 2005)*

2009  **Productivity Commission**
      Review of the regulatory burden on the offshore petroleum industry

2011  **Montara Commission of Inquiry**
      Australian Government response to establish single national regulator

2012  **NOPSEMA established** including addition of environmental management regulation  *(1 January 2012)*
Independent statutory authority

- State/NT Ministers for Resources
- Commonwealth Minister for Resources
- NOPSEMA
  - Advisory Board Chair
  - NOPSEMA CEO
- Department of Resources, Energy & Tourism
  - Secretary
  - National Offshore Petroleum Titles Administrator (NOPTA)

Joint Authority

reporting where powers conferred
Vision

A safe and environmentally responsible
Australian offshore petroleum industry

Mission

To independently and professionally regulate
offshore safety, integrity and environmental
management
Legislation administered by NOPSEMA

Commonwealth *Offshore Petroleum and Greenhouse Gas Storage Act 2006*

Schedule 3 – OHS law

- Safety regulations
- Wells via resource mgt regulations
- Environment regulations
Legal framework

• A ‘General Duties’ regime for offshore petroleum & greenhouse gas storage operations

• Performance-based, but with some prescriptive elements

• An **independent** Safety and Environmental Management Authority, funded by levies on industry

• A duty holder’s management plan, accepted by NOPSEMA is used as a permissioning document:
  - Safety case
  - Well operations management plan
  - Environment plan
NOPSEMA operates under legislated functions

<table>
<thead>
<tr>
<th>Monitor &amp; Enforce</th>
<th>Investigate</th>
<th>Compliance</th>
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<tbody>
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<td>Promote</td>
<td>Advise</td>
<td>Improvement</td>
</tr>
<tr>
<td>Co-operate</td>
<td>Report</td>
<td>Governance</td>
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NOPSEMA approach to regulation

- **Independent and professional**
  - Transparent, coherent policies and processes, shared with industry and consistent with the requirements of the regulations, administered by a critical mass of skilled professionals that focus on ensuring duty holders, and the regulator, comply with their obligations specified in law.

- **Respect for “due process”**
  - Timely and competent decisions based on criteria set out in the regulations.
  - Processes outside the regulatory requirements are not created.
  - Requirements and interventions by the regulator are not arbitrary.

- **Certainty for industry and a reduction in regulatory burden**

- **Ongoing dialogue**
Scope of regulation – jurisdiction

**NOPSEMA**

Relevant State/NT Minister

or

**NOPSEMA** where powers conferred*

* Current conferrals: for safety only In all states except WA
Scope – decision jurisdiction across petroleum resource development life cycle

Seismic / other surveys:
- Environment Plan (EP)

Drilling:
- SC, EP, WOMP, AAUWA

Construction, Production:
- SC, EP, PSZ

Decommissioning:
- SC, EP, AAUWA

EPBC Act referral(s) (and EIA)

EPBC Act decision

EPBC Act conditions of approval/compliance
NOPSEMA’s regulatory activities

**Assessment**
- Independent, sampled evaluation of an operator’s submission against the regulations
- Challenge operators: “Have you done enough?”

**Inspection**
- Independent, sampled inspection of the petroleum activity against the accepted EP and regulations
- Challenge operators: “Are you doing what you said you would do?”

**Investigation**
- Independent inspection to determine what went wrong and determine whether enforcement/prosecution is required
- Challenge operators: “What wasn’t done? What can we learn?”

**Enforcement**
- Take action within powers under the Act and regulations to secure compliance
Regulating safety and well integrity

Cameron Grebe
General Manager Environment
BP Macondo 2010: Environmental cost

© Los Angeles Times
BP Macondo: Human cost
11 people lost their lives, 11 families lost loved ones
### NOPSEMA regulatory scope

<table>
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<tr>
<th>Functions</th>
<th>Environmental management</th>
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<td><strong>Scope</strong></td>
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<td>Well integrity</td>
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<td><strong>Dutyholder</strong></td>
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Petroleum Safety Zones

- **Objective**: Protect wells, structures & equipment from vessels and ensure the safety of navigation
- **Mechanism**: Petroleum safety zones published in the Gazette by NOPSEMA
- **Criteria**: A petroleum safety zone may extend to 500m around the well, structure or equipment
- **Process**:
  - Established via application by Operator or by NOPSEMA directly
  - NOPSEMA also assesses applications for entry
Directions

- NOPSEMA has general and remedial direction-giving powers
- Ministerial directions (resource management, resource security and data management) prevail over NOPSEMA directions
- Significant Incident Directions enable NOPSEMA to direct a titleholder, in the event of a significant offshore petroleum incident that has caused or might cause an escape of petroleum, to:
  - take action (prevent, eliminate, mitigate, manage or remediate) or not to take an action, and
  - may be unconditional or subject to conditions
- The direction may apply either within or outside the titleholder’s title area
Safety and well integrity activities - 2011

**INDUSTRY**
- 35 Operators
- 209 Facilities
- 447 Assessments submitted
- 340 Incidents notified
- 30 Accidents
- 310 Dangerous Occurrences

**NOPSEMA**
- 48.2 FTE Regulatory Staff
- 23.3 FTE Support Staff
- 382 Assessments Notified
- 157 Facilities Inspections
- 0 Major Investigations
- 11 Minor Investigations
- 329 Incident reviews
- 100 Enforcement Actions
BP Macondo 2010

Immediate Cause:
Primary cementing integrity failure and BOP

Root Cause:
Systemic failure of management systems, failure to interpret test, no operating procedures
Immediate Cause:
Primary cementing integrity failure

Root Cause:
Systemic failure of management systems, non-compliance with operating procedures
Regulating environmental management

Karl Heiden
Environment Manager – Assessment & Compliance
### NOPSEMA regulatory scope - environment

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Scope: What requires an Environment Plan

- Petroleum and greenhouse gas storage activities
Scope: risks and impacts on the environment

- Ecosystems & their parts including people and communities
- Natural and physical resources
- Qualities, characteristics of locations, places and areas
- Heritage value of places

...including the social, economic and cultural features of these matters.
Environment plan regulatory requirements

• Required before activity commencement
• Must contain an oil spill contingency plan
• Specific objectives-based acceptability criteria must be met, including:
  – Appropriate for nature and scale
  – Risks as low as reasonably practicable (ALARP)
  – Risks must be acceptable
  – Appropriate performance objectives and standards
  – Appropriate consultation
Consultation requirements in the EP regime

PLANNING STEPS

- REVIEW THE LEGISLATIVE REQUIREMENTS & GUIDANCE
- IDENTIFY THE RISKS, STAKEHOLDERS & STAKEHOLDER ISSUES
- EVALUATE THE RISKS AND IDENTIFY POTENTIAL CONTROLS
- CONSIDER FEEDBACK, RESPONSE & ACTIONS IN ABSENCE OF FEEDBACK
- SUBMIT EP (&OSCP) TO NOPSEMA FOR ASSESSMENT
- COMMENCE ACTIVITY AND REVISE

Operator

Planning: communication with ‘relevant persons’ on impacts relating to functions, activities or interests

Implementation: ongoing communication

NOPSEMA
Assessment of submission, monitor & enforce
Operator engagement: What does this mean for you?

Operators may be coming to you/your organisation for ‘stakeholder engagement’ & to comply with the Regulations:

a. wanting to provide information; and
b. seeking input / feedback from you

NOPSEMA suggests organisations plan and prepare for consultation to ensure you are consulted on what you need to know (i.e. not full assessments)

The Environment Regulations require an operator to address relevant persons feedback where there functions, activities or interests are affected

• operators may need your feedback in order to have an environment plan accepted
Plan and prepare for operator engagement

1. Communicate consultation expectations to operators (ideally via published guidance):
   - What information you need to make a judgement on whether your functions, activities and interests are affected?
     - Features of the activity: location? oil type? timing?
     - Agreement of roles and responsibilities prior to and during a significant incident?
     - Ongoing consultation/notification requirements?
     - Cost recovery, insurance, indemnity arrangements?
   - How (email, meetings, letter, phone calls?), when and what format you would prefer the information?
   - Who is/are the primary contact(s) for your organisation?

2. Provide timely and focussed feedback to operators:
   - Written feedback not essential but ensures that NOPSEMA is presented with information under Regulations

3. Consider efficiency of government and regulation: stay within mission of organisation’s functions, activities and interests
Publication and notifications

• Publication by NOPSEMA:
  – Environment plan summary published after acceptance
  – Environment plan submission metadata
    (high level information only)

• Notification to State/NT agencies by Operator:
  – Commencement/completion of activities
  – Reportable incidents notified to NOPSEMA
Environment plan levy

• Australian Government policy decision
  – better transparency through levies for specific regulatory functions vs. registration fees
  – registration fees abolished once establishment costs recovered

• Imposed on titleholders and payable on submission of environment plan (new and revised)

• Graduated to reflect regulatory effort for different types of petroleum activity

• Covers assessment and ongoing compliance effort required to regulate the activity scope of the EP
Oil spill contingency planning

Matthew Smith
Environment Manager – Spill Assessment
Framework

Oil Pollution Preparedness, Response and Cooperation, 1990 (OPRC90)

International

Australia

Offshore Petroleum and Greenhouse Gas Storage Act

‘Protection of the Sea Acts’

Environment Regulations

Operator’s EP (with OSCP)

National Plan
Links with the National Plan & consultation

- Explanatory Note to be issued clarifying:
  - Legislative requirements
  - How the National Plan applies
  - NOPSEMA as Statutory Agency
  - Operator remains responsible for combat of spill
  - AMSA’s combat role

- Consultation requirements of the regulations apply
  - Affected stakeholders consulted
  - Relevant 3rd parties consulted where identified as providing response resources
Organisational arrangements & NOPSEMA role (simplified Commonwealth waters example)

**Planning/Preparedness**
- **Operator/Titleholder**
- **Regulator** NOPSEMA
- **National Plan Administrator** AMSA
- **Major Hazard Agencies** State/NT

**Response**
- **Commonwealth Agencies led by** RET (OPIRRC)
- **Regulator and Statutory Agency** NOPSEMA
- **Operator/Titleholder**
- **Monitor and enforce compliance**
- **Oil Spill Response Organisations**
- **“Combat Agency”** Operator or Nominated Combat Agency
- **Oil Spill Response Organisation(s)**
OSCP Approach: risks from response strategies need to be managed

Environmental risks of operations

Proposed Activity

- Hydrocarbon Release
- Identify & Evaluate Impacts and Risks
- Performance Objectives, Standards & Measurement Criteria

Implementation Strategy inc. OSCP

Response Technique

- Identify & Evaluate Impacts and Risks
- Performance Objectives, Standards & Measurement Criteria
NOPSEMA Environment regulation in 2012

• Consolidation of EM in NOPSEMA:
  – Inherited environment plan review and requests for revision
  – Commencement of inspections
  – Operational and scientific monitoring program guidance
  – Other guidance in support of regulations and NOPSEMA policy

• Review of Environment Regulations
  – Coordinated by Department of Resources, Energy and Tourism (www.retail.gov.au)
  – Comments on Terms of Reference close 16 April 2012

• EPBC Act accreditation
Questions?