Introduction to NOPSEMA
Offshore Petroleum Safety, Integrity & Environmental Management Regulation

Northern Territory Government Agency Briefing
7 June 2012
Introduction and background

Regulating safety and well integrity

Regulating environmental management, oil spill contingency plans

Questions and feedback

Jane Cutler
CEO

Cameron Grebe
General Manager Environment
Introducing NOPSEMA

Jane Cutler
Chief Executive Officer
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>NOPSA established for regulation of safety (1 January 2005)</td>
</tr>
<tr>
<td>2009</td>
<td>Productivity Commission Review of the regulatory burden on the offshore petroleum industry</td>
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<tr>
<td>2011</td>
<td>Montara Commission of Inquiry Australian Government response to establish single national regulator</td>
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<tr>
<td>2012</td>
<td>NOPSEMA established including addition of environmental management regulation (1 January 2012)</td>
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</table>
Independent statutory authority

Joint Authority

State/NT Ministers for Resources

Commonwealth Minister for Resources

NOPSEMA Advisory Board
  Chair

NOPSEMA
  NOPSEMA CEO

Department of Resources, Energy & Tourism
  Secretary

National Offshore Petroleum Titles Administrator (NOPTA)

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
• 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

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<th>Monitor &amp; Enforce</th>
<th>Investigate</th>
<th>Compliance</th>
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<td>Promote</td>
<td>Advise</td>
<td>Improvement</td>
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<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 of regulation across the petroleum resource development life cycle

**NOPSEMA**

- Seismic / other surveys: Environment Plan (EP)
  - award title

**NOPTA/JA**

- acreage release & bid

**SEWPaC**

- EPBC Act referral(s) (and EIA)

**EPBC Act**

- EPBC Act decision
  - conditions of approval/compliance
  - Decommissioning: SC, EP, AAUWA
  - Construction, Production: SC, EP, PSZ
  - Drilling: SC, EP, WOMP, AAUWA

**OPGGS Act**

- Development
  - field development plan
  - title surrender
  - Decommissioning
  - Construction
  - Exploration
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 permissioning document 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
BP Macondo 2010: Environmental cost
11 people lost their lives
11 families lost loved ones
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<th>General administration</th>
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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
• 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

Cameron Grebe
General Manager Environment
### 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...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 process in the offshore petroleum EP regime

### Operators

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<th>PLANNING STEPS</th>
<th>REVIEW THE LEGISLATIVE REQUIREMENTS &amp; GUIDANCE</th>
<th>IDENTIFY THE RISKS, STAKEHOLDERS &amp; STAKEHOLDER ISSUES</th>
<th>EVALUATE THE RISKS AND IDENTIFY POTENTIAL CONTROLS</th>
<th>CONSIDER FEEDBACK, RESPONSE &amp; ACTIONS IN ABSENCE OF FEEDBACK</th>
<th>SUBMIT EP (&amp;OSCP) TO NOPSEMA FOR ASSESSMENT</th>
<th>COMMENCE ACTIVITY AND REVISE</th>
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### Stakeholders

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

Implementation: ongoing consultation

**NOPSEMA**

Assessment of submission & monitor & enforce
Consultation with you as ‘relevant persons’

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 consultation is effective & efficient

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

• operators may need your feedback in order to have an environment plan accepted
Opportunity to influence operators’ consultation approach

1. Communicate your consultation expectations of 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 (eg 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:
   - Providing feedback ensures your input can be taken into account
   - Written feedback not essential but ensures that NOPSEMA is presented with information under Regulations

3. Consider strategies to improve efficiency and effectiveness (e.g. consultation via APPEA?)
NOPSEMA’s role: publication and notifications

- **Publish information:**
  - Environment plan submission metadata
  - Environment plan summary published after acceptance

- **React to notifications by Operator:**
  - Commencement/completion of activities
  - Reportable incidents notified to NOPSEMA

- **Monitor & enforce compliance:**
  - Sampled inspection of operator’s compliance with ongoing consultation plan provided in accepted EP

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

- Offshore Petroleum and Greenhouse Gas Storage Act
- Environment Regulations
- ‘Protection of the Sea Acts’
- National Plan
- Operator’s EP (with OSCP)
Organisational arrangements & NOPSEMA role (simplified)

Planning/Preparedness

- Regulator: NOPSEMA
- National Plan Administrator: AMSA
- Major Hazard Agencies: State/NT
- Operator/Titleholder
- Oil Spill Response Organisations

Response

- Commonwealth Agencies led by RET (OPIRRC)
- Monitor and enforce compliance: NOPSEMA
- Operator/Titleholder
- "Combat Agency": Operator or Nominated Combat Agency
- Oil Spill Response Organisation(s)

assessment of submissions
Environmental risks of operations for potential emergency conditions

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

**RESPONSE TECHNIQUES**
- OSCP Approach: risks from response need to be managed

**Implementation Strategy inc. OSCP**
- Response Technique
- Identify & Evaluate Impacts and Risks
- Performance Objectives, Standards & Measurement Criteria
Other environment regulation activities in 2012

• Consolidation of environmental management in NOPSEMA
  – Inherited environment plan review and requests for revision
  – Commencement of inspections
  – Operational and scientific monitoring program guidance

• Review of Environment Regulations
  – Coordinated by Department of Resources, Energy and Tourism ([www.re.t.gov.au](http://www.re.t.gov.au))

• EPBC Act streamlining
  – Identification and implementation of administrative and other opportunities to reduce duplication and improve regulation
Questions?