Introduction to NOPSEMA
Safety, Integrity & Environmental Management Regulation

WA State Government Agency Briefing
3 April 2012
Agenda

Introduction and background
Jane Cutler
CEO

Regulating safety and well integrity
Simon Schubach
General Manager Regulatory

Regulating environmental management, oil spill contingency plans
Cameron Grebe
General Manager Environment

Questions and feedback
Introducing NOPSEMA

Jane Cutler
Chief Executive Officer
PTT EP Montara 2009
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

Montara Commission of Enquiry
Australian Government response to establish single national regulator

2011

**NOPSA regulation of well integrity** (April 2011)

2012

**NOPSEMA established** including addition of environmental management regulation (1 January 2011)
Independent statutory authority

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

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

- Monitor & Enforce
- Promote
- Co-operate
- Investigate
- Advise
- Report

- Compliance
- Improvement
- Governance
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)
  - **Seismic / other surveys:** Environment Plan (EP)
  - **EPBC Act**
  - **EPBC Act**
  - **EPBC Act**
  - **EPBC Act**

- **Drilling:**
  - SC, EP, WOMP, AAUWA
  - EPBC Act referral(s) (and EIA)
  - EPBC Act decision

- **Construction, Production:**
  - SC, EP, PSZ
  - Construction, Production: SC, EP, PSZ

- **Decommissioning:**
  - SC, EP, AAUWA
  - Decommissioning: SC, EP, AAUWA
  - Decommissioning: SC, EP, AAUWA

- **NOPTA/JA**
  - [OPGGS Act]
  - NOPTA/JA [OPGGS Act]

- **EPBC Act**
  - EPBC Act
  - EPBC Act

- **Construction Operations Decommissioning**
  - Conditions of approval/compliance

- **Development**
  - Development

- **Exploration**
  - Exploration

- **field development plan**
  - field development plan

- **Construction**
  - Construction

- **Operations**
  - Operations

- **title surrender**
  - title surrender

- **acreage release & bid**
  - acreage release & bid

- **award title**
  - award title

- **NOPSEMA**
  - NOPSEMA [OPGGS Act]
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?”

**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

Simon Schubach
General Manager Regulatory
BP Macondo 2010:
Environmental cost
BP *Macondo*: Human cost

11 people lost their lives, 11 families lost loved ones
## NOPSEMA regulatory scope

<table>
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<tr>
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<th>Safety</th>
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<td>People at facilities</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
Immediate Cause:
Primary cementing integrity failure and BOP

Root Cause:
Systemic failure of management systems, failure to interpret test, no operating procedures
PTTEP Montara 2009

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 requirements in the EP regime

PLANNING STEPS

1. REVIEW THE LEGISLATIVE REQUIREMENTS & GUIDANCE
2. IDENTIFY THE RISKS, STAKEHOLDER ISSUES & STAKEHOLDER ISSUES
3. EVALUATE THE RISKS AND IDENTIFY POTENTIAL CONTROLS
4. CONSIDER FEEDBACK, RESPONSE & ACTIONS IN ABSENCE OF FEEDBACK
5. SUBMIT EP (&OSCP) TO NOPSEMA FOR ASSESSMENT
6. COMMENCE ACTIVITY AND REVISE

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

Implementation:
ongoing communication
monitor & enforce

NOPSEMA
Assessment of submission
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

www.nopsema.gov.au
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

Cameron Grebe
General Manager Environment
Framework

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

International

- Offshore Petroleum and Greenhouse Gas Storage Act
- Environment Regulations

Australia

- ‘Protection of the Sea Acts’
- National Plan
- Operator’s EP (with OSCP)
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
- NOPSEMA
- National Plan Administrator
  - AMSA
- Major Hazard Agencies
  - State/NT
- 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)
OSCP Approach: risks from response strategies need to be managed

Environmental risks of operations

1. Hydrocarbon Release
2. Identify & Evaluate Impacts and Risks
3. Performance Objectives, Standards & Measurement Criteria

RESPONSE TECHNIQUES

Proposed Activity

Response Technique
1. Identify & Evaluate Impacts and Risks
2. Performance Objectives, Standards & Measurement Criteria

Implementation Strategy inc. OSCP

Environmental risks of operations for potential emergency conditions
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.re.t.gov.au)
  – Comments on Terms of Reference close 16 April 2012

• EPBC Act accreditation