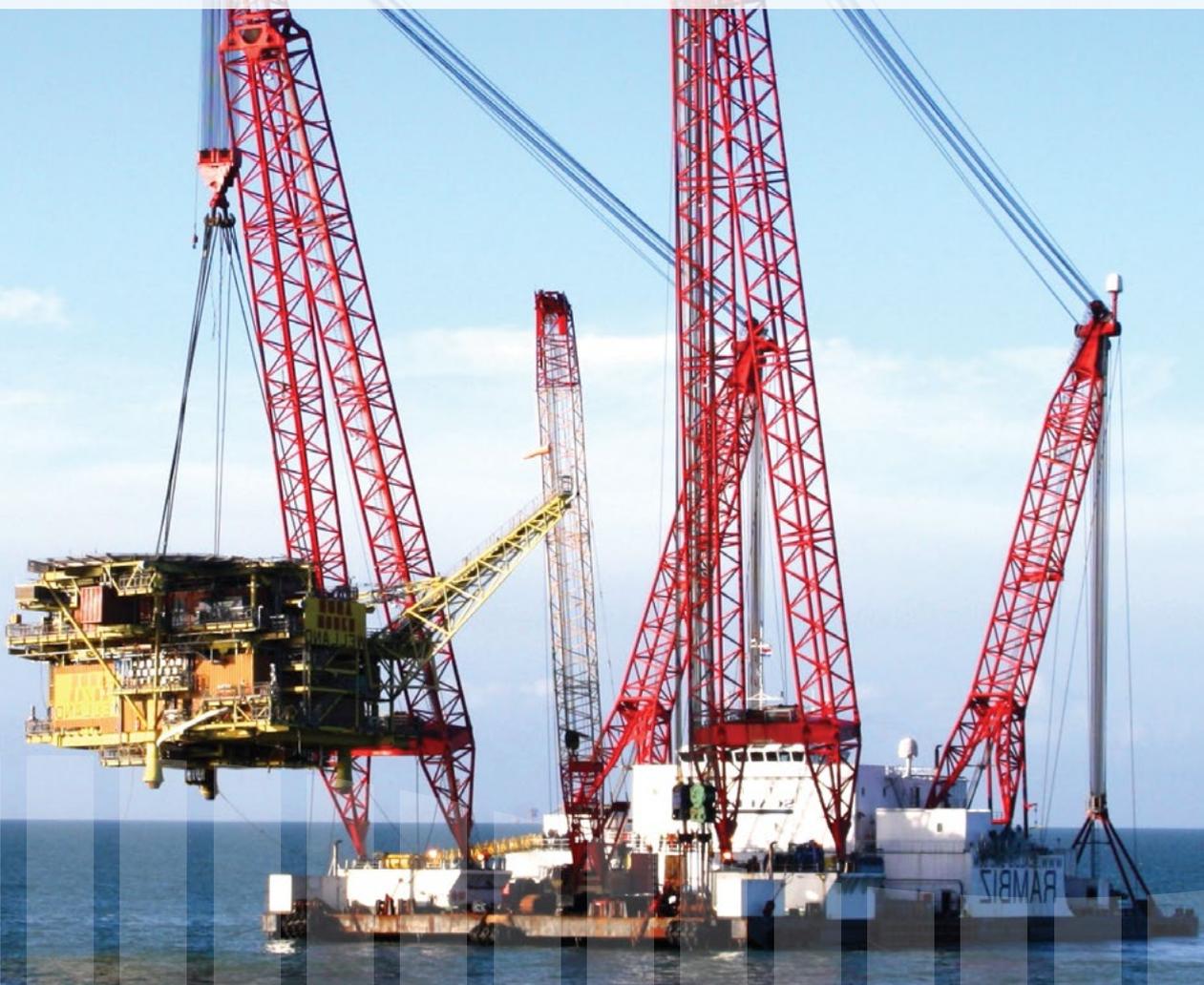


Decommissioning offshore petroleum facilities in Commonwealth waters

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Decommissioning is a normal activity in the lifetime of an offshore petroleum project. Its purpose is to remove the infrastructure previously used to support production operations in a manner that is safe and environmentally responsible. In Australia to date, only a few small facilities have been decommissioned. This situation is expected to change significantly over the next two decades as facilities that have been producing oil and gas in the waters around Australia for many years reach the end of their useful life.





The National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) is the regulator for health and safety, well integrity and environmental management for petroleum operations in Commonwealth waters and in coastal waters where regulatory powers and functions have been conferred.

What is decommissioning?

When offshore petroleum facilities in Commonwealth waters reach the end of their economic life and will no longer be used for or in connection with petroleum operations then by law the responsible oil and gas company must safely abandon all oil and gas wells and remove the associated equipment. This process is called decommissioning.

Decommissioning may involve removing all equipment from the area, or partial removal of equipment if the arrangements to be put in place by the oil and gas company for the remaining equipment meet the applicable legislative and regulatory requirements.

Who approves decommissioning?

There are a number of approvals and decision makers involved in the regulation of decommissioning for petroleum facilities in Commonwealth waters.

NOPSEMA

NOPSEMA administers regulations under the *Offshore Petroleum Greenhouse Gas Storage Act* (OPGGs Act) which stipulate the safety, well integrity and environmental management requirements for all offshore petroleum activities in Commonwealth waters, including decommissioning. For more information see nopsema.gov.au

Department of Environment and Energy

The Department of Environment and Energy administers the requirements of the *Environmental Protection (Sea Dumping) Act 1981*, which may apply to decommissioning if any equipment is proposed to be left on the seabed. In circumstances where conditions for decommissioning were applied to an environmental approval under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), before NOPSEMA became the sole regulator for petroleum activities in Commonwealth waters in February 2014, then those conditions must be met for the activity to proceed. For more information see environment.gov.au

National Offshore Petroleum Titles Administrator and the Joint Authority

The National Offshore Petroleum Titles Administrator (NOPTA) is the day to day administrator of petroleum titles and provides advice to decision makers (the Joint Authority) on key petroleum title decisions under the OPGGS Act and OPGGS Resource Management and Administration Regulations 2011. This includes providing:

- field development plans, including variations, that may be necessary should a major change or significant event occur in relation to the recovery of petroleum (for example, cessation of production)
- advice on applications for consent to surrender a petroleum title which may occur after production from the title ceases and decommissioning activities are complete. For more information see nopta.gov.au or contact titles@nopta.gov.au.



How does NOPSEMA assess decommissioning?

Before decommissioning may begin, an oil and gas company must submit the relevant risk management plans to NOPSEMA for assessment and acceptance. The plans required for decommissioning can include a safety case, well operations management plan and environment plan.

NOPSEMA's dedicated assessment teams, which comprise highly qualified and experienced experts, assess each plan against strict criteria as set out in the OPGGS Act and associated regulations.

Occupational health and safety

The Offshore Petroleum and Greenhouse Gas Storage (Safety) Regulations 2009 set out a range of responsibilities imposed on an oil and gas company to manage the occupational health and safety risks to people at or near petroleum facilities and those undertaking petroleum operations and works. For decommissioning to begin, a company must submit a safety case to NOPSEMA for assessment and acceptance. The safety case must identify the health and safety risks created by decommissioning, describe how those risks will be managed and the systems in place to ensure the controls used to manage the risks are effectively and consistently applied. To be accepted, a safety case must clearly demonstrate how the company will reduce the occupational health and safety risks to as low as is reasonably practicable (ALARP).

Well integrity

The Offshore Petroleum and Greenhouse Gas Storage (Resource Management and Administration) Regulations 2011 set out a range of responsibilities imposed on an oil and gas company to manage the risks associated with maintaining the integrity of a well throughout all stages of well activities, including safely plugging and abandoning a well prior to or during decommissioning. To abandon a well, a company must have a well operations management plan (WOMP) accepted by NOPSEMA. To be accepted, a WOMP must clearly demonstrate how the company will reduce the risks to maintaining the integrity of the well to ALARP.

What is 'ALARP'?

The phrase 'As Low as Reasonably Practicable,' abbreviated to ALARP, is a common term used in risk management processes and is used throughout the various regulations under the OPGGS Act. When a company is required to reduce risks to ALARP, this means that the company must show through reasoned and supported arguments that there are no other practical measures that could reasonably be taken to reduce risks further. If a risk control measure is practicable and it cannot be shown that the cost, time or effort of implementing it is grossly disproportionate to the benefit gained from reducing that risk, then the control measure should be implemented.



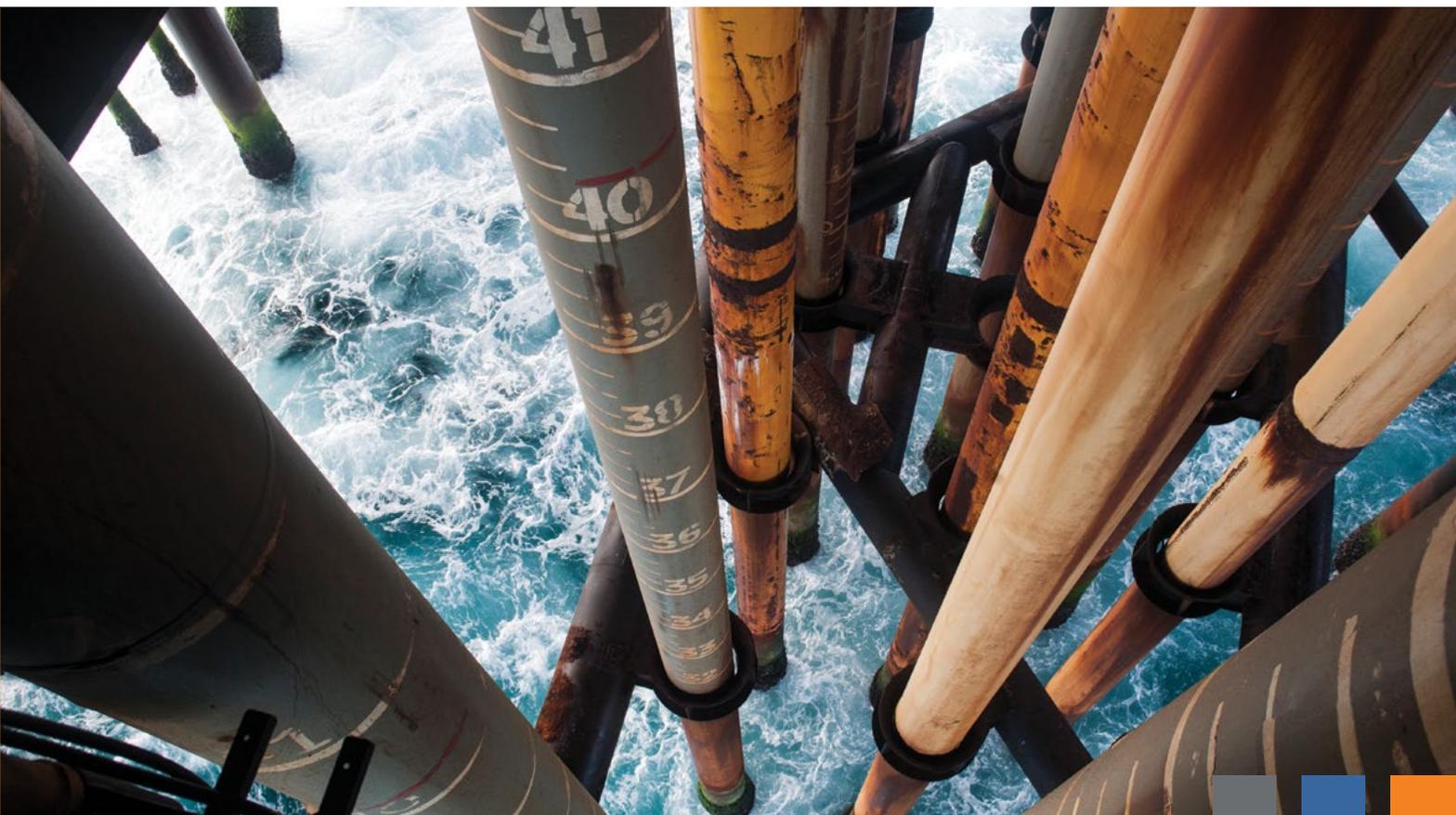
Environment

The Offshore Petroleum and Greenhouse Gas Storage (Environment) Regulations 2009 (the Environment Regulations) set out a range of responsibilities imposed on an oil and gas company to ensure all petroleum activities, including decommissioning, are carried out in a manner consistent with the principles of ecologically sustainable development. For decommissioning to commence, a company must submit an environment plan for decommissioning to NOPSEMA for assessment and acceptance.

The environment plan must identify the risks and impacts to the environment and should also consider the net environmental benefit of the decommissioning activity proposed. Environment plans must also identify any legislative and other requirements that apply to the activity and demonstrate how these will be met. NOPSEMA's assessment explicitly takes into consideration impacts on matters protected under the EPBC Act. To be accepted, an environment plan must clearly demonstrate how a company will reduce the environmental impacts and risks of decommissioning to a level that is acceptable and ALARP.

Consultation

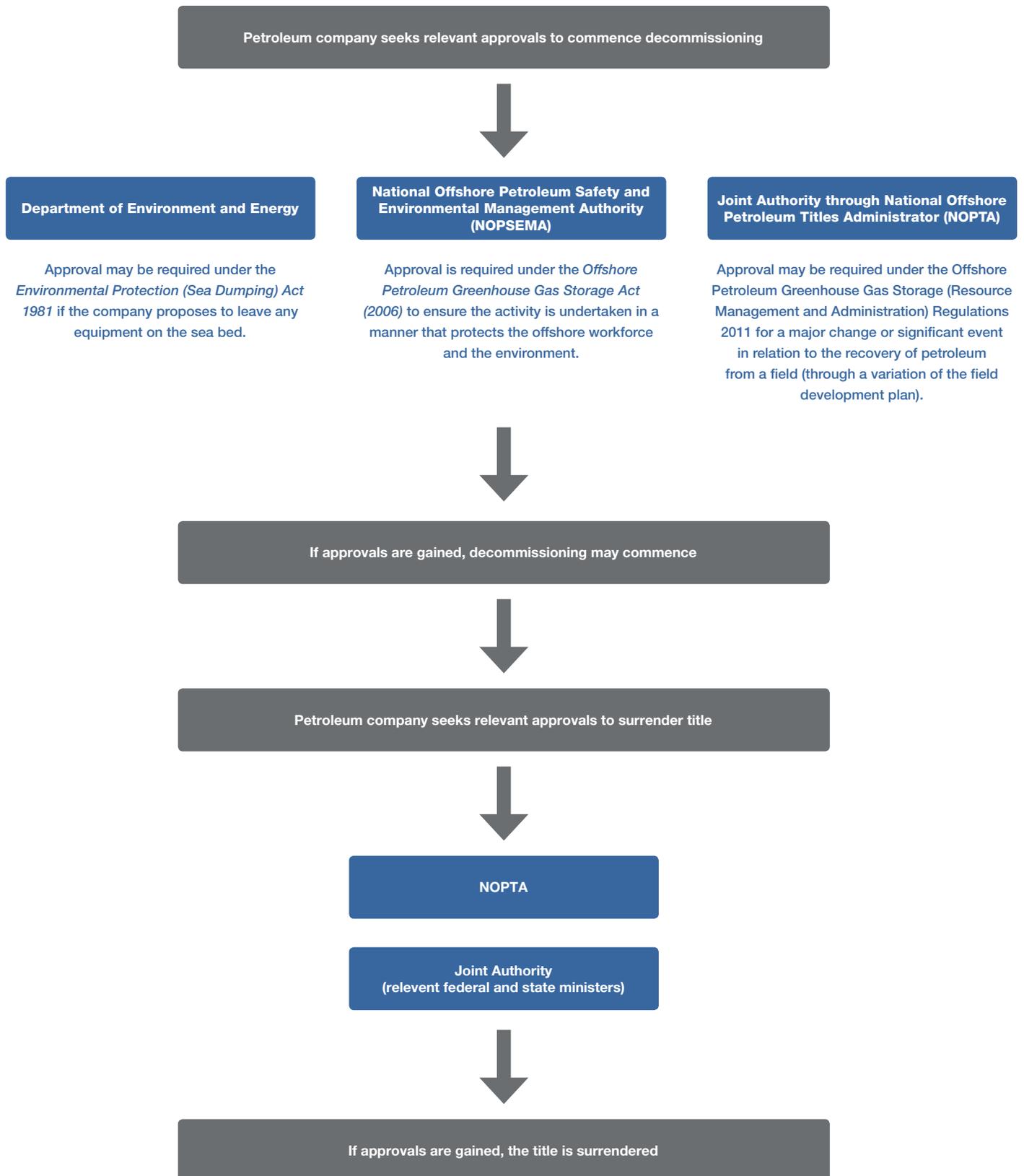
It is important to note that under the Environment Regulations the definition of 'environment' doesn't only mean the natural environment, it includes people and communities as well as any social, economic and culture features. While preparing an environment plan, a company is required to consult with relevant government departments, individuals and organisations that may be affected by the proposed activity. This consultation process seeks to give the company a better understanding of how their decommissioning activity could affect other stakeholders so that they can reduce those impacts to a level that is acceptable and ALARP. Full text copies of all correspondence, an explanation as to how objections or claims have been addressed, and arrangements for ongoing consultation are included in the environment plan. All relevant considerations are taken into account in NOPSEMA's decision-making.





Decision-making process for decommissioning offshore petroleum facilities in Commonwealth waters

The infographic below provides a broad overview of the decision-making process for decommissioning offshore petroleum facilities in Commonwealth waters. For more information see nopsema.gov.au





NOPSEMA

Further information

NOPSEMA publishes policies, guidance notes, guidelines and information papers at nopsema.gov.au

The *Offshore Petroleum and Greenhouse Gas Storage Act 2006* and subsidiary regulations are available in full at legislation.gov.au

Legislative requirements not administered by NOPSEMA can be obtained from the:

- Department of Industry, Innovation and Science at industry.gov.au
- relevant state and Northern Territory departments at directory.gov.au
- National Offshore Titles Administrator at nopta.gov.au
- Department of Environment and Energy at environment.gov.au

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Image courtesy of the Department of Energy and Climate Change.