

OHS IMPROVEMENT NOTICE

To: Diamond Offshore General Company

In conducting an OHS inspection in relation to the Ocean Monarch facility, I, [REDACTED], a NOPSEMA inspector appointed under section 602 of the Act, am satisfied on reasonable grounds that the person named above as the responsible person is contravening, or has contravened and is likely to contravene again clause 9(2)(d) of Schedule 3 to the Act.

The reasons for my opinion are:

A NOPSEMA OHS inspection was conducted on the Ocean Monarch facility while well abandonment activities were being undertaken for titleholder, BHP Billiton Petroleum Pty Ltd (BHP Billiton), in permit areas WA-10-L and WA-12-L. The activities were conducted under the Diamond Offshore General Company (facility operator) safety case in force comprising of the following documents:

- Ocean Monarch Mobile Offshore Drilling Unit Safety Case (Document No. OM-SC-001, Revision 0-C, 25 March 2015); and
- Safety Case - Part 8 BHP Billiton Griffin Abandonment Campaign (2017) (Document No OM-SCR-005), Revision 0, dated 21 April 2017, jointly prepared between BHP Billiton and Diamond Offshore General Company.

BHP Billiton was responsible for selecting and managing client specific service contractors ('third party contractors') and associated equipment under the provisions and commitments made within the safety case in force.

Well fluid handling services and equipment was be provided by BHP Billiton through a service contract with Expro Group Australia Pty Ltd (EXPRO).

Documentation reviewed as part of the inspection, noted a "controlled gas venting" activity was logged on a daily drilling report for the Griffin-6 Well (Permit WA-10-L) on 11 August 2017.

On request, further documentation provided by the facility operator confirmed that hydrocarbon gases had been discharged via the EXPRO equipment through the facility's overboard vent lines into areas that presented risks to personnel on board the facility. The drilling reports showed that hydrocarbon gas was vented through the same venting arrangements on at least four well abandonments (i.e. Griffin-1, Griffin-4, Griffin-6 and Griffin-9) between 11 June 2017 and 13 August 2017.

Senior facility personnel and senior management failed to recognise the significant change in risk profile from the first well (Griffin-1) where this equipment was utilised and gas was vented exposing personnel to risks, and no actions were taken to stop work and re-assess the risk. It was observed that the operator's risk management systems and processes were not effective in providing for:

- adequate management oversight;
- identification of operations and/or activities outside the scope of the safety case; and
- necessary triggers to halt activities and/or operations until appropriate risk evaluation and implementation of control measures.

As such, the operator failed to take all reasonably practicable steps to implement and maintain systems of

work at the facility that are safe and without risk to health.

NOPSEMA is aware that the facility operator has plans to conduct similar activities and utilise similar equipment in future workover or abandonments campaigns within Commonwealth and NOPSEMA regulated state waters.

As a result of this contravention I am satisfied that there is, or may be, the following risk to the health or safety of any person:

Injury or death to personnel at the facility during well abandonment activities as a result of a loss of containment of hydrocarbons and the associated risk of fire and/or explosion.

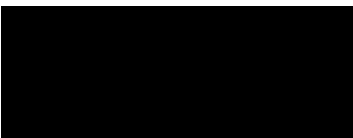
You are required to take action within **60 days** of the date of this notice to prevent or reduce the risk.

The following action must be taken by the responsible person within the period specified above:

1. Strengthen processes and procedures to ensure the following:
 - Adequate involvement by senior operator personnel and facility management in risk assessment processes such as HAZID & HAZOP meetings for titleholder directed activities involving bleeding off pressure and hydrocarbon gas management from well related operations; and
 - operations and/or activities outside the scope of the safety case are appropriately identified, risk assessed and communicated to all relevant stakeholders including the operator's senior management and accepted by relevant regulatory authorities prior to commencing or continuing these operations and activities; and
 - that processes and procedures indicate the means to stop activities and/or operations until risks are appropriately evaluated, communicated and necessary technical and other control measures are accepted and implemented to ensure risks are managed to ALARP; and
 - appropriate training and competency related to these processes and procedures is to be undertaken by facility personnel and, in particular, by facility management and senior supervisors, to ensure sound understanding of operational boundaries and safety case commitments; or

implement such other controls as required to reduce risk to a level that is as low as reasonably practicable.

Signed:



NOPSEMA inspector

Dated: 13 December 2017

NOTES: (Please see back of notice)

When the required improvement has been completed, return this part of the notice to the following person at the address below:

Name:



Position:

NOPSEMA Inspector

Address:

Send in electronic format via email to:

submissions@nopsema.gov.au

Telephone number: +61 8 6188 8700

Specify the action that has been taken to comply with this notice in the space below.

Improvement Notice No. **678** has been complied with by:

Signed: _____ Date: _____

NOTES:

1. Under clause 78 of Schedule 3 to the Act, a person who fails to ensure that this notice is complied with, to the extent that it relates to a matter over which the person has control, may be liable to a penalty of 300 penalty units or a civil penalty of 400 units.
2. This notice must be displayed in a prominent place at or near each workplace at which work affected by the notice is being performed and, must not be tampered with or removed before the notice has ceased to have effect.
3. If the notice is not issued by being given to the operator's representative at the facility, the responsible person (unless the responsible person is the titleholder) must cause a copy of the notice to be given to the operator's representative.
4. If the responsible person is the operator or an employer (other than the operator) of members of the workforce, the operator's representative at the facility must give a copy of the notice to each health and safety representative for a designated work group having group members performing work that is affected by the notice.
5. If the responsible person is the titleholder, as soon as practicable after issuing the notice, the NOPSEMA inspector will take reasonable steps to give a copy of the notice to the operator and, if the NOPSEMA inspector is at the facility when the notice issued, the operator's representative at the facility.
6. If the responsible person is the titleholder, but the inspector is not at the facility when the notice is issued, the operator must give a copy of the notice to the operator's representative at the facility.
7. As soon as practicable after issuing the notice, the NOPSEMA inspector will take reasonable steps to give a copy of the notice to, where applicable:
 - (a) the employer of an employee who is a member of the workforce if the notice is issued to the employee, and in connection with work performed by the employee, and
 - (b) the owner of any workplace plant, substance or thing that the notice relates to, unless the owner is the responsible person or an employer referred to in (a), and
 - (c) if the responsible person is the owner of any workplace, plant, substance or thing because of which the contravention has occurred, or is likely to occur: the operator of the facility, and if the employer of employees who work in that workplace or who use that plant, substance or thing is a person other than the operator—that employer; and
 - (d) the titleholder, if the responsible person is the operator, and the contravention relates, or is likely to relate to, the titleholders' well related obligations.
8. Under item 8 of subclause 80A(1) of Schedule 3 to the Act, any of the following persons may in writing request the reviewing authority to review the NOPSEMA inspector's decision:
 - the operator of the facility
 - the titleholder, if the notice is issued to a titleholder;
 - any other person to whom the notice has been issued;
 - an employer, if affected by the decision;
 - a relevant health and safety representative;
 - a relevant workforce representative, if requested by a member of the workforce affected by the decision;
 - a person who owns any workplace plant, substance or thing to which the NOPSEMA inspector's decision relates.
9. An improvement notice ceases to have effect when the responsible person takes the action specified in the notice.