

OHS IMPROVEMENT NOTICE

To: PTTEP Australasia (Ashmore Cartier) Pty Ltd

In conducting an OHS inspection in relation to the Montara Well Head Platform (WHP) 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 has contravened and is likely to contravene again clause 9(1) of Schedule 3 of the Offshore Petroleum and Greenhouse Gas Storage Act 2006.

The reasons for my opinion are:

A NOPSEMA inspection was conducted on 5 September 2018 at PTTEP Australasia (Ashmore Cartier) Pty Ltd (PTTEPA) business premises in relation to a dangerous occurrence notification concerning the H3ST1 Well located at the Montara Well Head Platform.

The dangerous occurrence took place on 27th August 2018 when pressure on the B annulus on the H3ST1 well reached its upper operating envelope of 1700 kPa (247psi), suggesting migration of gas (from gas lift) from the A annulus to the B annulus after gas lift was introduced into the (H3ST1) well (A Annulus) to bring it into production. The B annulus pressure continued to build to 6473 kPa (939psi) at which point it was manually bled down on 31 August 2018.

Documentation reviewed as part of the inspection revealed the operator's inadequate management of gas lift activities on the H3ST1 Well inclusive of the gas lift shearing / unloading operation and the subsequent annulus bleed down operation. Findings showed the operator's lack of adherence to the PTTEP Well Integrity Management (WIM) document that requires a risk assessment for executing the work.

On request, further documentation provided by the facility operator confirmed that PTTEP attempted to produce the Montara H3 ST1 well when there was an anomalous pressure in the B annulus of unknown root cause and a SCSSV that had failed a leak off test the previous day. This included opening up the annulus to allow more gas lift gas into the well thus increasing the A and B annulus pressures. This is contrary to the PTTEP Well Integrity Management document that requires work to be prioritised towards rectification of well barrier protection.

There is no evidence that PTTEPA followed the Well Integrity Management document on failed well barriers by "conducting a detailed, approved, risk assessment and prioritising work to rectify well barrier protection if there is any doubt about the integrity of a well barrier".

The above findings revealed inadequate management of operational changes including failure to:

- conduct adequate risk assessment;
- apply adequate standards;
- apply adequate management of change (MOC) process;
- comply with own well integrity and safety management system;
- comply with permissioning documents commitments (safety case and well operations management plan (WOMP)); and
- undertake safe work practices as a result of operational changes.

As result of these failures, the operator was unable to demonstrate that they took all reasonably practicable steps to ensure that operational changes implemented at the Montara WHP facility due to the introduction of gas lift in the H3ST1 well, were safe and without risk to health.

Susbequently, NOPSEMA took enforcement action and PTTEPA was advised by letter dated 25 October 2018, that the operator was required to submit a revised safety case that addresses the gas inventory associated with gas lift of WHP surface wells and that accurately describes the ongoing operation of the facility, and the implementation of control measures necessary to reduce risk to a level that is reasonably practicable for well intervention operations. NOPSEMA's requirement for PTTEPA to revise the safety case is pursuant to *Regulation 2.31(1) of the Offshore Petroleum and Greenhouse Gas Storage (Safety) Regulations 2009*.

PTTEPA was also advised by letter from NOPSEMA dated 31 October 2018, that PTTEPA were required to revise the Well Operations Management Plan (WOMP) to address compliance shortfalls with *Regulation 5.08(d) of the Offshore Petroleum and Greenhouse Gas (Resource Management and Administration) Regulations 2011* and other WOMP related findings from the inspection, in respect to gas lift operations in the Montara WHP surface wells.

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 Montara surface wells gas lift activities with personnel in attendance at the Montara WHP, as a result of a loss of containment of hydrocarbons and the associated risk of fire and/or explosion.

In addition to the requirement to revise the safety case and WOMP, 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. Complete a management review of the "management of change" process related to change in operations and address any actions from this review.
2. Strengthen processes and procedures to ensure the following:
 - a. operational changes are appropriately assessed and managed and where applicable accepted by relevant regulatory authorities prior to commencing or continuing these operations and activities; and
 - b. where necessary these processes and procedures must indicate the means to stop operations until risks arising from these changes are appropriately evaluated, communicated and necessary technical and other control measures are accepted and implemented to ensure risks are managed to as low as reasonably practicable (ALARP); and
 - c. 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 change management in line with permission documents 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: 1 November 2018

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: [REDACTED]

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. **0730** 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.