

Direction – section 574

Offshore Petroleum and Greenhouse Gas Storage Act 2006

Direction number: 813

Direction

To: INPEX Ichthys Pty Ltd

Issue of Direction/s - Section 574 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth)*

Attached is a written notice of direction/s made under s 574 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth)*.

Please provide written acknowledgement of receipt of this direction with 7 days of this notice.

Please also note that pursuant to section 575 of the Act, you are required to:

- (a) give a copy of this notice of direction to Maersk Drilling Australia Pty Ltd, ACN 106 414 108, to whom this direction also applies under s 574(3)(a)(ii) of this Act; and
- (b) display the notice at a prominent position at a place in the offshore area frequented by Maersk Drilling Australia Pty Ltd.

A person commits an offence if:

- (a) the person is subject to a direction under s 574; and
- (b) the person engages in conduct; and
- (c) the person's conduct breaches the direction.¹

Please provide this office with documented evidence of your compliance with the notice of direction/s.

If you have any questions relating to the content of the instrument, please contact Rodney Gunn.

Yours sincerely

Signed:



Rodney Gunn

Acting Head of Division

Dated: 4th February 2021

NOTES: (Please see explanatory statement)

¹ Section 576 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth)*

Direction number NOPSEMA 813

I, Rodney Gunn of the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA), make this instrument under section 574 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (Cth) as a delegate of the CEO of NOPSEMA, pursuant to an instrument of delegation dated 17 December 2020.



Rodney Gunn

Acting Head of Division

National Offshore Petroleum Safety and Environmental Management Authority

Dated: 4th February 2021

DIRECTION

1. Commencement

This direction takes effect on the date of signature.

2. Application

This direction applies to INPEX Ichthys Pty Ltd (ACN 150 217 253) the registered holder of title WA-50-L.

AND

3. Extended Application

Pursuant to subsection 574(3)(a)(ii) of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*, this instrument also applies to Maersk Drilling Australia Pty Ltd (ACN 106 414 108), the registered operator of the Maersk Deliverer mobile offshore drilling unit (MODU) facility, being persons performing work or services, whether directly or indirectly, for the registered titleholder.

4. Direction

- (1) The titleholder is given the directions contained in Schedule 1.

Schedule 1 – Directions**Direction 1**

The titleholder is directed to:

Not permit the Maersk Deliverer MODU facility to move to any position that would present a risk to subsea infrastructure including wells, until:

- (a) An analysis has been conducted to determine the root cause(s) of the dangerous occurrence which occurred on 22 January 2021 and reported to NOPSEMA by Maersk Drilling Australia Pty Ltd on 23 January 2021; and
- (b) Actions that are necessary to address the identified root causes have been implemented; and
- (c) It has been demonstrated to NOPSEMA that all drilling equipment, the Lower Marine Riser Package, in-line tensioners, including ancillary hardware and control systems, and any other equipment involved in the dangerous occurrence on 22 January 2021 at the Maersk Deliverer MODU facility, is safe to operate without hazard to members of the workforce as described in the facility safety case.

Explanatory Statement

Background

On 23 January 2021 (at 1336 hours WAST) NOPSEMA received a telephone notification from Maersk Drilling Australia Pty Ltd of a dangerous occurrence on their registered facility the Maersk Deliverer MODU. The Maersk Deliverer was contracted by the titleholder INPEX Ichthys Pty Ltd to undertake drilling operations in relation to title WA-50-L.

The Initial Report of dangerous occurrence submitted to NOPSEMA advised that at 1631 WAST on 22 January 2021 an event had occurred which was described as, “While running the LMRP (Lower Marine Riser Package) in the safe handling zone of (well) BDC-4-06, (rig was kedged off well centre – water depth 268m), the slip joint inner barrel was inadvertently released, allowing the riser string with LMRP to move down the full length of the in-line tensioners (25ft full stroke out length). The LMRP stopped 4m above the seabed. At the time of the incident, the slip joint was being attached to the in-line tensioners (forward and aft side of the slip joint). The slip joint was retracted and locked. The under-hull guides were moving the load ring into position and at that point the lock holding the inner barrel failed. The LMRP and riser string were still attached to the rig after the failure of the lock. The landing joint attached to the slip joint was lowered through the rotary table until the barrel was in a position to be locked again. Once this was locked and secured the riser string and slip joint were recovered to rig floor from the moonpool and made safe. This took approximately 20 hours. No emergency response was initiated, and no personnel were injured. At the time of the event two (2) personnel were in a moonpool work basket in proximity to the riser string.”

On initial assessment of the notification, NOPSEMA determined that this event was a high-potential near-miss with respect to personnel health and safety, and based on current information NOPSEMA was not satisfied that the same failure would not reoccur in other credible circumstances, risking damage to subsea infrastructure, including wells with potential for loss of containment and personnel injury.

NOPSEMA has commenced an investigation and initial observations include that the LMRP and riser weigh in excess of 200 tons, and that if the slip joint had not caught on the tension ring, all the equipment would have fallen to the seabed.

On this basis, NOPSEMA considers that it is necessary to issue this Direction to prevent movement of the MODU to a position over subsea infrastructure until it has been demonstrated by the titleholder that drilling operations can resume safely and without risk to the integrity of subsea infrastructure.

Instrument of direction

Direction number: 813

Legislation

Part 6.9 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (Cth) (the Act) provides that NOPSEMA has functions in relation to the occupational health and safety of persons engaged in offshore petroleum operations or offshore greenhouse gas storage operations; the structural integrity of facilities, wells and well-related equipment; and environmental management.

Under subsection 574(2) of the Act, NOPSEMA may issue a direction about any matter in relation to which regulations may be made.

Section 666(2) of the Act gives the CEO of NOPSEMA the power to issue a direction under section 574 of the Act. The power may be delegated by the CEO under section 675 of the Act.

Under sub section 576(1) of the Act, if a person is subject to a direction under section 574 and the person engages in conduct that breaches that direction, the person commits an offence:

- **Fault-based offence** – 5 years imprisonment or 2,000 penalty units, or both (10,000 penalty units for a body corporate).
- **Strict liability offence** – 100 penalty units (500 penalty units for a body corporate).
- **Civil penalty provision** – 525 penalty units (2,625 penalty units for a body corporate).
- **Continuing offences** – a person who commits a fault-based or strict liability offence commits a separate offence in respect for each day during which the offence continues. The maximum penalty for each day that the offence continues is 10% of the maximum penalty that can be imposed in respect to that offence.
- **Continuing contraventions of civil penalty provisions** – a person who contravenes the civil penalty provision commits a separate contravention in respect for each day during which the contravention continues. The maximum civil penalty for each day that the contravention continues is 10% of the maximum civil penalty that can be imposed in respect to that contravention.

Note: the value of one penalty unit is \$210 pursuant to section 4AA(1) of the *Crimes Act 1914* (current as of 6 September 2017).