

Direction – section 574

Offshore Petroleum and Greenhouse Gas Storage Act 2006

Direction number: 801

Direction

To: Jadestone Energy (Australia) 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.

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 David Christensen on (08) 6188 8801.

Yours sincerely

Signed:



Cameron Grebe

Head of Division – Environment

Dated: 27 November 2020

NOTES: (Please see explanatory statement)

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

Direction number NOPSEMA 801

I, Cameron Grebe, Head of Division - Environment 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) pursuant to a CEO instrument of delegation dated 6 October 2020.



Cameron Grebe

Head of Division – Environment

National Offshore Petroleum Safety and Environmental Management Authority

Dated: 27 November 2020

DIRECTION

1. Commencement

This direction takes effect on date of signature.

2. Application

This direction applies to Jadestone Energy (Australia) Pty Ltd (ABN 48 613 671 819) the registered holder of WA-15-L (the titleholder).

3. Direction

- (1) The titleholder is given the directions contained in Schedule 1.
- (2) Each direction in Schedule 1 is a separate direction.

Schedule 1 – Directions**Direction 1**

Identify and implement interim control measures to prevent any reoccurrence of an inadvertent parting of the marine break coupling during offtake operations as soon as practicable.

Direction 2

Commission and complete an engineering and operational review of the import hose configuration and implement any arising recommendation(s) to ensure that its position is located such that inadvertent parting is prevented. The implementation should include maintenance of the equipment to ensure that the integrity is maintained at all times and must be completed prior to commencing offtake operations involving any new offtake vessel.

Direction 3

Review, identify improvements, update systems, practices and procedures and implement them to ensure any offtake tanker vessel Master is aware of hazards and is capable of implementing control measures associated with offtake operations prior to commencing offtake operations involving any new offtake vessel.

Direction 4

Review and update systems to ensure an adequate level of oil spill response training and competency is in place and maintained by all personnel rostered as part of the Incident Management Team who are responsible for implementing the Oil Pollution Emergency Plan (OPEP), prior to commencing offtake operations involving any new offtake vessel.

Direction 5

Undertake testing of the oil spill response arrangements using a worst case oil spill scenario for the Stag Field Operations offtake activity to ensure systems, practices and procedures are suitable for implementing the OPEP during an oil spill event. The OPEP must be revised to reflect any improvements identified to systems, practices and procedures for implementing the OPEP.

Direction 6

The titleholder must prepare and provide a report to NOPSEMA on how Directions 1 to 5 have been implemented within 14 days of completion of each direction.

Explanatory Statement:**Background***Offshore Petroleum and Greenhouse Gas Storage Act 2006*

In mid-September 2020, the Maersk Tacoma offtake vessel had been moored at the Stag facility Catenary Anchor Leg Mooring (CALM) Buoy for approximately 1 week and was the first vessel operating under the new offtake procedures using transient slow load tankers on location for periods up to 3 months. On the morning of the 26 September 2020 at 0858 hours, the Master of the offtake tanker observed traces of oil around his vessel. On further investigation it was noted that the Marine Breakaway Coupling (MBC) in the import floating hose assembly (FHA) connected to the offtake tanker had activated. The Master reported the observation to the Stag Platform Offshore Installation Manager (OIM) and crude transfer subsequently ceased.

Without the tanker maintaining sufficient standoff distance and with the hawser stretched, the tanker could have sprung close to the CALM Buoy in gusting winds causing the MBC to contact the hull of the Maersk Tacoma, causing it to activate. Alternatively, not maintaining sufficient standoff distance could have inadvertently caused the hawser to rest on the floating hose, inducing additional stress on the MBC and causing it to activate.

Following an Investigation conducted on 2 October 2020 at the regulated business premises of Jadestone Energy (Australia) Pty Ltd, NOPSEMA Inspectors identified that:

- The MBC was not positioned in accordance with the approved Safety Case and Original Equipment Manufacturer (OEM) recommendations; and
- The Master of the offtake tanker did not maintain a minimum hawser tension as required by the Stag Marine Facility Operating manual (Rev 4) to prevent the import FHA and MBC making contact with the hull/hawser under certain environmental conditions.

Further, Jadestone Energy (Australia) Pty Ltd did not adequately implement the oil spill response arrangements in relation to the event as evidenced by:

- IMT members having insufficient training and competency;
- Inadequate records and documentation to support incident response actions and decision making as part of the OPEP; and,
- Underestimating the full extent and duration of the oil released to the receiving environment.

Based on the outcome of NOPSEMA's investigation it was concluded that the total volume of crude oil released could be conservatively estimated as approximately 161 - 1288 Litres. Calculations were based on aerial and surveillance information collected during the investigation and the Bonn Agreement Oil Appearance Code (2007), which is the methodology required to be followed according to the OPEP. This is taken to be the representative parameters for the incident that occurred on the 26 September 2020. Jadestone Energy (Australia) Pty Ltd have communicated that the worst case volume which could have been released was 630 Litres.

In the event of an oil spill, insufficient coordination and management of oil spill response strategies and techniques may expose the environment to unacceptable impacts and risks, which may include significant impacts to matters protected under Part 3 of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

NOPSEMA has considered the additional information provided by Jadestone Energy (Australia) Pty Ltd in response to the draft NOPSEMA investigation report for the incident and the draft of this General Direction, and recognises that Jadestone Energy (Australia) Pty Ltd have commenced actions in response to the oil spill event.

It is noted that a proposed revision to the Environment Plan submitted by Jadestone Energy (Australia) Pty Ltd [under OPGGS Regulation 17(6)] to address changes in management of impacts and risks arising from any new offtake activity has not been accepted by NOPSEMA and remains under assessment.

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).