

## General Direction – section 574

Date: 20/05/2021

---

*Offshore Petroleum and Greenhouse Gas Storage Act 2006*

**Direction number: 817**

To: Esso Australia Resources Pty Ltd  
BHP Billiton Petroleum (Bass Strait) Pty Ltd

### **Issue of Direction – section 574 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006***

Attached is a written notice of a General direction made under section 574 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

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

A person commits an offence if:

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

Please provide this office with documented evidence of your compliance with the notice of Direction/s within one month of completion of each Direction.

If you have any questions relating to the content of this Direction, please contact me on 08 6188 8704.

Yours sincerely

Cameron Grebe

### **Head of Division – Environment & Decommissioning**

SAN: wA477440

20 May 2021

SAN: All regulatory correspondence issued by NOPSEMA, including this letter, bear a signature authorisation number (SAN) in place of a traditional signature. The SAN is a unique, secure identifier applied to the letter upon approval by the named signatory. If you wish to enquire further about SAN and its use in this or other correspondence, please contact [information@nopsema.gov.au](mailto:information@nopsema.gov.au) quoting the reference provided above.

NOTES: (Please see explanatory statement)

---

<sup>1</sup> Section 576 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth)*.

Direction number: 817

I, Cameron Grebe of the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA), make this direction under section 574 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (the Act) pursuant to a delegation dated 14 May 2021.



Cameron Grebe

Head of Division - Environment & Decommissioning

National Offshore Petroleum Safety and Environmental Management Authority

**Dated: 20 May 2021**

## **DIRECTION**

### **1. Commencement**

This General Direction takes effect on the date of signature.

### **2. Application**

This General Direction applies to Esso Australia Resources Pty Ltd (ACN 62 091 829 819), BHP Billiton Petroleum (Bass Strait) Pty Ltd (ACN 004 228 004), the registered holders of the titles listed in Schedule 2.

### **3. Direction**

- (1) The registered holders of titles listed in Schedule 2 are given the Directions contained in Schedule 1.
- (2) Each direction in Schedule 1 is a separate Direction.

## Schedule 1 – Directions

In relation to the matters summarised in the Explanatory Statement, the registered holder is directed to take the following actions:

### Direction 1:

- a. Commission an independent and suitably qualified body to complete a review of the engineering and project management approach to decommissioning activities to identify opportunities and propose measures to reduce the timeframe for commencing and subsequently completing all necessary decommissioning activities.
- b. Submit a report to NOPSEMA within 180 days from the date this direction is signed, detailing the outcomes of this review and recommended measures.
- c. Implement reasonable and practicable measures based on the review and recommendations that would likely reduce the timeframe for commencing and completing all necessary decommissioning activities.

### Direction 2:

- a. Complete all preparatory decommissioning activities and commence the topside dismantling campaign as soon as reasonably practicable, and no later than 30 September 2027, for removal of all structures, property, and equipment no longer in use that are associated with facilities listed in Schedule 3.
- b. To plug or close, to the satisfaction of NOPSEMA, all wells associated with the titles listed in Schedule 3, as soon as reasonably practicable and no later than 30 September 2027.

### Direction 3:

- a. Conduct an integrity assessment of all equipment, structures and property associated with the Perch and Dolphin facilities located within titles VIC/L15 and VIC/L17, to demonstrate that full removal of structures, property and equipment will not be precluded.
- b. Provide a preliminary report on the outcomes of the integrity assessment of Perch and Dolphin facilities to NOPSEMA within 90 days from the date of this direction is signed, and a detailed report no later than 31 January 2022.
- c. Conduct a separate integrity assessment of all equipment, structures and property, other than those identified at Direction 3(a) that are in a non-producing state, within the titles listed in Schedule 3, to demonstrate that full removal of structures, property and equipment will not be precluded.
- d. Provide a report on outcomes of the integrity assessment conducted as required under Direction 3(c) to NOPSEMA as soon as practicable and no later than 31 January 2022.

**Direction 4:**

- a. The registered holder must undertake inspection, maintenance and repair activities on all property and wells associated with facilities listed in Schedule 3 to ensure:
  - i. property continues to perform its intended function, which in the case of non-producing facilities includes preparation for (or support of) decommissioning activities as well as supporting other facilities which may still be producing hydrocarbons;
  - ii. approved decommissioning end states are not precluded; and
  - iii. occupational health and safety, structural integrity, well integrity and environmental risks continue to be reduced to ALARP.

**Direction 5:**

- a. Submit to NOPSEMA on an annual basis, a decommissioning progress report detailing progress with implementing the directions and associated decommissioning activities until all decommissioning works have been completed.
- b. The report submitted under Direction 5(a) must be to the satisfaction of NOPSEMA and submitted to NOPSEMA no later than 31 December each year.
- c. Publish the report on the registered holders' website within 14 days of obtaining NOPSEMA satisfaction under Direction 5(b).

## Schedule 2 – Bass Strait Gippsland Basin Titles

Title Category	Applicable Title
<b>Production Licences</b>	VIC/L1, VIC/L2, VIC/L3, VIC/L4, VIC/L5, VIC/L6, VIC/L7, VIC/L8, VIC/L9, VIC/L10, VIC/L11, VIC/L13, VIC/L14, VIC/L15, VIC/L16, VIC/L17, VIC/L18, VIC/L19, VIC/L20.
<b>Pipeline Licences</b>	VIC/PL1, VIC/PL2, VIC/PL4, VIC/PL5, VIC/PL6, VIC/PL7, VIC/PL8, VIC/PL9, VIC/PL10, VIC/PL11, VIC/PL13, VIC/PL14, VIC/PL15, VIC/PL16, VIC/PL17, VIC/PL18, VIC/PL19, VIC/PL20, VIC/PL21, VIC/PL22, VIC/PL23, VIC/PL24, VIC/PL25, VIC/PL26, VIC/PL27, VIC/PL28, VIC/PL29, VIC/PL32, VIC/PL39, VIC/PL40, VIC/PL41.
<b>Retention Lease</b>	VIC/RL1, VIC/RL4

### Schedule 3 – Non-Producing Bass Strait Facilities, Wells and Associated Titles

Facility	Applicable Title	No of wells
Whiting	VIC/L02	0 <sup>2</sup>
Mackerel	VIC/L05	25
Fortescue	VIC/L05	31
Kingfish A	VIC/L07	21
Kingfish B	VIC/L07	21
Flounder	VIC/L11	27
Bream A	VIC/L13	27
Bream B	VIC/L14	17
Dolphin	VIC/L15	2
Perch	VIC/L17	2
Suspended or Temporarily Abandoned Wells Not Associated with a Production Platform	Applicable Title	No of wells
East Pilchard 1	VIC/L09	1
Gudgeon 1	VIC/L06	1
Halibut 1	VIC/L05	1
Marlin 1	VIC/L03	1
Mulloway 1	VIC/RL01	1
Terakihi 1	VIC/L20	1
Whiptail 1	VIC/L01	1

<sup>2</sup> The Whiting wells underwent P&A (incl. conductor removal) in 2020 and were subsequently removed from the in-force WOMP (2016).

## Explanatory Statement - Direction number: 817

### Background

This General Direction relates to all property within the title areas listed in Schedule 2 pertaining to Bass Strait offshore operations in the Gippsland basin.

Production commenced from the Gippsland basin in 1969 and now consists of 421 wells, 19 platforms, five subsea facilities (four existing and one proposed) and ~600 km of subsea pipeline provided for by 38 licensed pipelines. The Bass Strait offshore operations assets are of considerable age. Production of hydrocarbons has ceased at ten (10) platforms, three (3) subsea facilities, sixteen (16) pipelines and over half of all wells drilled. Production is expected to cease at a further six (6) platforms and seven (7) pipelines by 2025. The decommissioning of the Bass Strait offshore operations assets is a large and complex series of activities and would include petroleum activities beyond the scope of the recently accepted Bass Strait Operations Environment Plan (Revision 3, Document number - AUGO-EV-EMM-012).

NOPSEMA's records indicate that the property remaining in the title areas listed in Schedule 2 may include, but not be necessary limited to:

- 16 steel pile jacket and 2 concrete gravity structure platforms
- 2 monopod structures
- 6 subsea production systems
- Offshore pipelines, flowlines, secondary lines, umbilicals and associated equipment
- Production, exploration, and appraisal wells

BHP Billiton Petroleum (Bass Strait) Pty Ltd has informed NOPSEMA that it intends to sell its interests in the Bass Strait offshore operations titles. Although such a company sale may not alter the title register, it is important for transparency that all parties understand the obligations imposed under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

### Timeframes

The scale and complexity of the Bass Strait decommissioning activities is substantial, however there has been a sustained passage of time since several pipelines and facilities have ceased production, with thirteen (13) out of twenty-four (24) facilities ceasing production between 2008 and 2020. A further six (6) platforms are expected to cease production by 2025. In addition, 16 pipelines have ceased production and a further seven (7) are currently expected to cease production by 2025. It is NOPSEMA's view that Esso's ability to decommission appropriately is increasingly at risk the longer the period that elapses between cessation of production and completion of decommissioning activities. Further it NOPSEMA's view that risk to safety of people at facilities and environmental risks and impacts are also observed to be increasingly challenging to manage the longer non-producing facilities remain.

NOPSEMA is of the opinion that while Esso has provided an overview of the decommissioning activities proposed, the level of planning and timing proposed for removal is not commensurate with the scale of decommissioning activities required.

### *Asset Integrity*

Between March 2020 and May 2020 NOPSEMA inspected several non-producing facilities in Bass Strait to determine the status of registered holder activities in relation to the maintenance and removal of structures, equipment, and property from the title area. On completion of these inspections, NOPSEMA concluded that the registered holder was not undertaking adequate field maintenance activities at the Perch and Dolphin facilities.

There is also uncertainty regarding the status of structural integrity for several other facilities. This may have implications for the registered holders' ability to execute decommissioning activities safely in the future and ensure that there is certainty with respect to what is required to maintain property and equipment in good condition and repair.

### *Maintain in good condition and repair*

There is uncertainty regarding whether the registered holder's arrangements for maintaining non-producing facilities, structures and equipment in good condition and repair are of an appropriate standard so as not to preclude their full removal in the future.

### *Reporting*

Given the scale of decommissioning required, increased oversight of the registered holders' decommissioning approach and closer engagement between the registered holders and NOPSEMA is warranted. Limitations with reporting under individual activity permissioning documents provides inadequate visibility for NOPSEMA of the registered holders' decommissioning plan and progress.

### *Further information*

NOPSEMA's published Section 572 Maintenance and removal of property policy (PL1903) provides further information on section 572 obligations, including how a registered holder may seek to deviate from the requirement to remove property under section 572(7).

### **Breach of a direction**

Pursuant to section 576 of the Act, if a person is subject to a General Direction under section 574 and the person engages in conduct that breaches that Direction, the person commits an offence or contravention:

- **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.