

General Direction – s 574

Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth)

Direction Number: 1873

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

Please refer to the information regarding s 575 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth)* in the explanatory statement for notification of direction requirements.

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, A/Head of Division - Safety and Integrity.

Yours Sincerely

Signed:



Rodney Gunn

Acting Head of Division – Safety & Integrity

Dated: 24 June 2022

Notes: (Please see explanatory statement)

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

Direction number NOPSEMA 1873

Issue of Direction/s - section 574 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*

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* (the Act) pursuant to the Instrument of delegation dated 17 December 2021.



Rodney Gunn

Acting Head of Division – Safety & Integrity

National Offshore Petroleum Safety and Environmental Management Authority

Dated: 24 June 2022

DIRECTION

1. Commencement

This direction takes effect on the date of signature.

2. Application

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

3. Extended Application

Pursuant to subsection 574(3)(a)(ii) of the Act, this instrument also applies to a specified class of persons, being persons performing work or services, whether directly or indirectly for the registered holders, including the registered operator of the facilities associated with the titles listed in Schedule 2, being Esso Australia Pty Ltd (ACN 000 018 566).

4. Direction

- a. The registered titleholders and the registered operator are given the directions contained in Schedule 1.
- b. Each direction in Schedule 1 is a separate direction.

Schedule 1 - Directions

Direction 1

The registered titleholders are directed to take the following actions:

- (a) Engage an organisation other than the registered titleholders or registered operator, to conduct a detailed review of Esso Australia Pty Ltd's (EAPL) system design, implementation, and governance for the assurance of structural integrity of the facilities on each of the titles listed in Schedule 2 to identify any gaps against relevant sections of current industry guidance and best practice (e.g. Exxon Mobil FIMS Upstream Best Practice, the American Petroleum Institute (API) guidelines and practices, Energy Institute publications) and make recommendations to remediate these gaps.
- (b) Require the review's terms of reference to cover, but not be limited to:
 - i. The design and implementation of EAPL's Integrity Program;
 - ii. Identification of current best industry practice for defining and applying performance standards, relevant Key Performance Indicators (KPIs) including leading and lagging indicators and reporting; and
 - iii. The effectiveness of the management, implementation, and review of the Integrity Program.
- (c) Provide to NOPSEMA the terms of reference of the review required by Direction 1(a) and (b) prior to undertaking the review.
- (d) Submit a report to NOPSEMA within 120 days from the date this Direction is signed, detailing the outcomes of the review required in Direction 1(a) and EAPL's intended measures to remediate any gaps identified.
- (e) Demonstrate to NOPSEMA's reasonable satisfaction a plan and commitments by EAPL to implement reasonable and practicable measures based on the review required by Direction 1(a) and recommendations arising from the report required by Direction 1(d).
- (f) Provide a written quarterly report to NOPSEMA describing progress prior to closure of Direction 1(e).

Schedule 2 – Gippsland Basin Facilities and associated titles

Title ID #	Facility
VIC/L2	Barracouta, Whiting
VIC/L3	Marlin A, Marlin B
VIC/L4	West Tuna
VIC/L5	Halibut, Cobia, Mackerel, Fortescue
VIC/L7	Kingfish B, Kingfish A, West Kingfish
VIC/L9	Tuna
VIC/L10	Snapper
VIC/L11	Flounder
VIC/L13	Bream A
VIC/L14	Bream B
VIC/L15	Dolphin
VIC/L16	Perch

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

- Since 2016, NOPSEMA has undertaken a number of enforcement actions in the form of written warnings or improvement notices after significant structural integrity concerns were identified during NOPSEMA inspections of facilities located on the titles detailed in Schedule 2 and operated by EAPL.
- In response to structural defects identified during a NOPSEMA inspection, Direction 823 was issued on 20 May 2021. This required the registered holders and EAPL to “Conduct a validation of fitness for service integrity assessments of all Platform Above Water Survey (PAWS) inspection report anomalies that are beyond the initial Latest Acceptable Completion Date (LACD) at each of the facilities listed in Schedule 2 by suitable qualified personnel”.
- As a consequence of the matters leading to Direction 823, commencing in June 2021 NOPSEMA undertook a broader and more comprehensive investigation into EAPL’s overall management of structural integrity across its facilities.
- On 29 April 2022 NOPSEMA observed a section of walkway on the Kingfish B facility that had been barricaded by tape to prevent personnel access. NOPSEMA were advised that EAPL’s Inspection Services contractor personnel had identified structural defects on the Kingfish B facility on 22 February 2022. NOPSEMA issued EAPL an OHS Prohibition Notice to prevent personnel access to the south side quarters walkway and upper section of stairwell of the facility where structural integrity risks were not being managed and the safety of personnel was potentially at risk.
- NOPSEMA acknowledge the measures identified by EAPL to improve its integrity program and the enhanced structural and coating repair execution plan, however there remains limitations in the current design, implementation, and governance of the structural integrity program at EAPL facilities. This indicates that EAPL is not taking all reasonably practicable steps to ensure that the facilities are safe and without risk to the health of any person at or near the facilities and has resulted in the issue of this General Direction.

Notes***Notification of a direction that has an extended application***

Pursuant to s 575 of the Act, as the direction(s) above apply to:

- a) the registered holder; and
- b) a specified person under 574(3)(a)

the registered holder must cause a copy of the notice by which the direction was given to be:

- c) given to that other person; or
- d) displayed at a prominent position at a place in the offshore area frequented by that other person.

Breach of a direction

Under sub section 576(1) 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:

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.