

General Direction – s 574

Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth)

Direction No: 1953

To Woodside Energy (Australia) Pty Ltd and Santos WA PVG Pty Ltd:

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

I, Graham Blair 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 a delegation dated 31 January 2024.

Graham Blair
Deputy CEO – Regulatory Operations
wA867652

06 September 2024

1. Commencement

This direction takes effect on the date of signature.

2. Application

This direction applies to Woodside Energy (Australia) Pty Ltd ACN 006 923 879 and Santos WA PVG Pty Ltd ACN 129 604 860, as registered holders of Production Licence WA-42-L.

3. Extended Application

Pursuant to subsection 574(3)(a) of the Act, this instrument also applies to a specified class of persons, namely Woodside Energy Global Pty Ltd ACN 006 918 832, the registered operator of the Pyrenees Facility.

4. Direction

- a. The registered holders of Production Licence WA-42-L, Woodside Energy (Australia) Pty Ltd and Santos WA PVG Pty Ltd, are given the directions contained in Schedule 1.
- b. Each direction in Schedule 1 is a separate direction.

Schedule 1

Direction 1

1. Ensure that the current condition and structural integrity of topside processing areas on the Pyrenees facility do not present a risk to the safety of personnel on the facility.
2. To allow NOPSEMA to monitor progress with Direction 1.1, within 10 days of the date of this Direction, provide NOPSEMA a list of the controls, activities and schedule for their implementation in relation to Direction 1.1. The controls and activities are to include:
 - a) critical controls and the ability to respond to major accident events;
 - b) dropped objects in the topside processing areas; and
 - c) the condition of stairs, handrails, ladders and walkways in the topside processing areas.

Direction 2

1. Within 30 days of the date of this Direction, or as otherwise agreed with NOPSEMA and concurrently with Direction 1.1, engage an independent, suitably qualified third party to assess the condition and structural integrity of the topside processing areas on the Pyrenees facility
2. The assessment detailed in Direction 2.1. is to be led by a sufficiently independent party (with respect to Woodside Energy Global Pty Ltd or its existing contractors) as agreed by NOPSEMA, supported by suitably qualified personnel. The assessment must include the following:
 - a) A Terms of Reference document, which includes timeframes for completion of the assessment and is to be agreed to by NOPSEMA prior to the assessment commencing.
 - b) A final report, which is based on the assessment, and includes:
 - i. information that describes the condition at the facility; and
 - ii. recommendations for remedial actions for implementation, including the prioritisation of controls and activities which will ensure the safety of personnel on the facility.
3. A copy of the full report referred to at Direction 2.2 and Woodside's response, including proposed remedial actions to address any recommendations made, must be provided to NOPSEMA for review prior to the report being finalised.
4. A copy of the finalised report is to be provided to all registered holders of Production Licence WA-42-L.

Direction 3

1. The implementation of the control measures which relate to Direction 1.1. and 1.2 must continue until the agreed remedial actions identified in Direction 2.3 above are implemented to NOPSEMA's reasonable satisfaction.

(cont.)

Direction 4

1. Until the remedial actions identified in Direction 2.3 are implemented to NOPSEMA's reasonable satisfaction, submit a written report by close of business every 2nd Wednesday (commencing on the date of this Direction) or other intervals agreed to by NOPSEMA, describing the details of:
 - a) All implemented control measures and a justification for the adequacy of those controls to ensure the current condition and structural integrity of topside processing areas on the Pyrenees facility do not present a risk to the safety of personnel on the facility; and
 - b) Progress against requirements in response to Direction 2.3.

Direction 5

This General Direction must be displayed at a prominent position at the Pyrenees facility.

Explanatory Statement

The operator of the Pyrenees facility, Woodside Energy Global Pty Ltd (WEG), committed to completing remediation of all known safety and integrity defects classified as priority 1 (required for Class and regulatory requirements) and priority 2 (production critical or integrity requirements) on the topsides processing areas on the facility during a recent shipyard drydock campaign (drydock campaign). Following an offshore inspection of the facility (inspection 4839) which had returned to title, on 7 August 2024 NOPSEMA raised concerns with WEG regarding the current condition and integrity of the topside processing areas due to having observed:

- The number of safety related remediation activities that had not been completed including fixing damaged and corroded handrails.
- The large number of significant corrosion occurrences and holes in secondary and tertiary structures.
- The significant number of damaged paint protective coatings, corrosion and corrosion products.
- The requirement to re-install dropped object netting.

The inspectors also heard:

- Concerns from members of the workforce at the facility about the current condition and integrity of the topside processing areas.

With respect to the activities to be conducted during the drydock campaign, WEG provided NOPSEMA the following information about those activities which were completed and those activities which were not completed prior to the Pyrenees facility returning to the title:

- Most safety and integrity-critical structural and system remediation scopes that could not otherwise be completed during normal operations were completed during the drydock campaign;
- A significant number of integrity-critical coating tasks were not completed during the drydock campaign (7,335 hours not completed out of total of 12,314 hours planned);
- A number of repairs that are temporary and intended to be replaced with a permanent repair at a defined time (defined life repairs), were not completed. 38 of the 110 planned defined life repairs remained outstanding which could become integrity-critical if defined dates are exceeded.

The inspectors found that given the quantity of degraded structural members and degraded handrails observed at the facility, the claim that most of the safety and integrity critical structure and system remediation scopes were completed during the drydock campaign could not be accepted.

To address the remediation of the remaining defects on the topsides processing areas on the facility, WEG advised that their plan is to implement the following at the facility:

- Fabric maintenance (coatings) activities with 8 personnel to work back-to-back with 6 personnel for the remainder of 2024, with 8 / 8 in 2025 and 2026, and includes a manager and supervisor at the facility.
- Structural and system remediation activities with 3 personnel to work back-to-back for the remainder of 2024, with 2025 2026 anticipated to be 8 personnel working on a 3 week on 3 week off campaign roster.

We note WEG:

- advised that on average there had been approximately 950 personnel working on board the facility during the drydock campaign working on a range of scopes including tank repairs, piping and valve replacements, structure remediation and painting of the hull and flare tower; and
- recognises that the required inspections on piping and structure at the facility are not being completed in line with required frequencies defined in WEGs maintenance management system.

Given the number of defects that require remediation at the facility including those that require significant work or replacement, the quantity of damaged coatings which will contribute to accelerated corrosion, the numbers of personnel planned to remediate defects when compared to those available during the drydock campaign and any potential defects due to WEG failing to meet its required inspection frequencies, NOPSEMA is concerned that the integrity of the facility cannot be brought into compliance and maintained on the basis of the plans provided by WEG.

On this basis, NOPSEMA considers that it is necessary to issue this General Direction (and require the implementation of the controls and actions contemplated by it) until it has been demonstrated to NOPSEMA by the registered holders and the registered operator that the condition and structural integrity of topside processing areas on the Pyrenees facility do not present a risk to the safety of personnel on the facility.

Notes

Notification of a direction 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.