



Direction – s 574

Offshore Petroleum and Greenhouse Gas Storage Act 2006

Direction number: RMS 0619

To: Timor Sea Oil and Gas Australia Pty Ltd

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

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

Please provide written acknowledgement of receipt of this direction by 29 June 2016.

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 notice of your intention to comply with the direction/s within 14 days of this notice.

If you have any questions relating to the content of the instrument, please contact me [s 22 irrelevant](#)
i i

Yours sincerely

Signed:

[s 22 irrelevant material](#)

Head of Division - Environment

Dated: 24 June 2016

NOTES: (Please see explanatory statement)

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

Direction number NOPSEMA RMS 0619

I, ^{t.i.l} s 22 irrelevant of the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA), give this direction under s 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 14 May 2015.

s 22 irrelevant material

Head of Division - Environment
National Offshore Petroleum Safety and Environmental Management Authority

Dated: 24 June 2016

DIRECTION

1. Commencement

This direction takes effect on the date of signature

2. Application

This direction applies to Timor Sea Oil and Gas Australia Proprietary Limited, ACN 111 708 868, the registered holder of production licence AC/L5.

3. Direction

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

Schedule 1 – Direction

The registered holder of production licence AC/L5 must maintain oil spill response arrangements as provided for in the accepted Northern Endeavour Floating Production Storage and Offloading Facility Operations Environment Plan, Revision 4, accepted by NOPSEMA on 7 January 2015 (the accepted environment plan); or equivalent to the oil spill response arrangements described in the accepted environment plan until such time as either:

- (1) a proposed revision of the environment plan has been submitted and accepted by NOPSEMA in accordance with the Offshore Petroleum Greenhouse Gas Storage (Environment) Regulations 2009; or
- (2) sufficient evidence has been submitted to NOPSEMA to satisfy it that the registered holder has oil spill response arrangements in place for the Northern Endeavour Floating Production Storage and Offloading Facility Operations activity that provide for an equivalent level of environmental protection as those provided by the accepted environment plan.

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

Directions — Timor Sea Oil and Gas Australia Pty Ltd

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 s 576 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 \$180 pursuant to section 4AA(1) of the *Crimes Act 1914* (current as of 9 June 2016).

Background

During an inspection conducted over 2 June, 20 June and 23 June 2016, NOPSEMA obtained information that confirms that the arrangements in the Transition Services Agreement between Talisman Oil and Gas (Australia) Pty Ltd and [s 47G business information](#) as executed on 29 April 2016 (the Transition Services Agreement) for oil spill response will be amended.

The amendment will result in a reduction and weakening of those arrangements to the extent that the registered holder will be undertaking an activity in a way that is contrary to the environment plan in force. Specifically, the information collected demonstrates that without the current oil spill response arrangements provided in the Transition Services Agreement, the registered holder does not have all the required third party contracts and arrangements or access to trained and competent personnel sufficient to respond in the event of a hydrocarbon release.

NOPSEMA considers that Exhibit A - Transition Services; Part 1 - Operator Services; Section 1.1; Item 2 and 3 – Environment Plan and Oil Pollution First Strike Plan of the Transition Services Agreement provides an equivalent level of performance to not be contrary to the accepted environment plan. Noting that the accepted environment plan includes all documents submitted and accepted by NOPSEMA as part of the environment plan.

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