



NOPSEMA

Australia's offshore
energy regulator

Decommissioning & Abandonment

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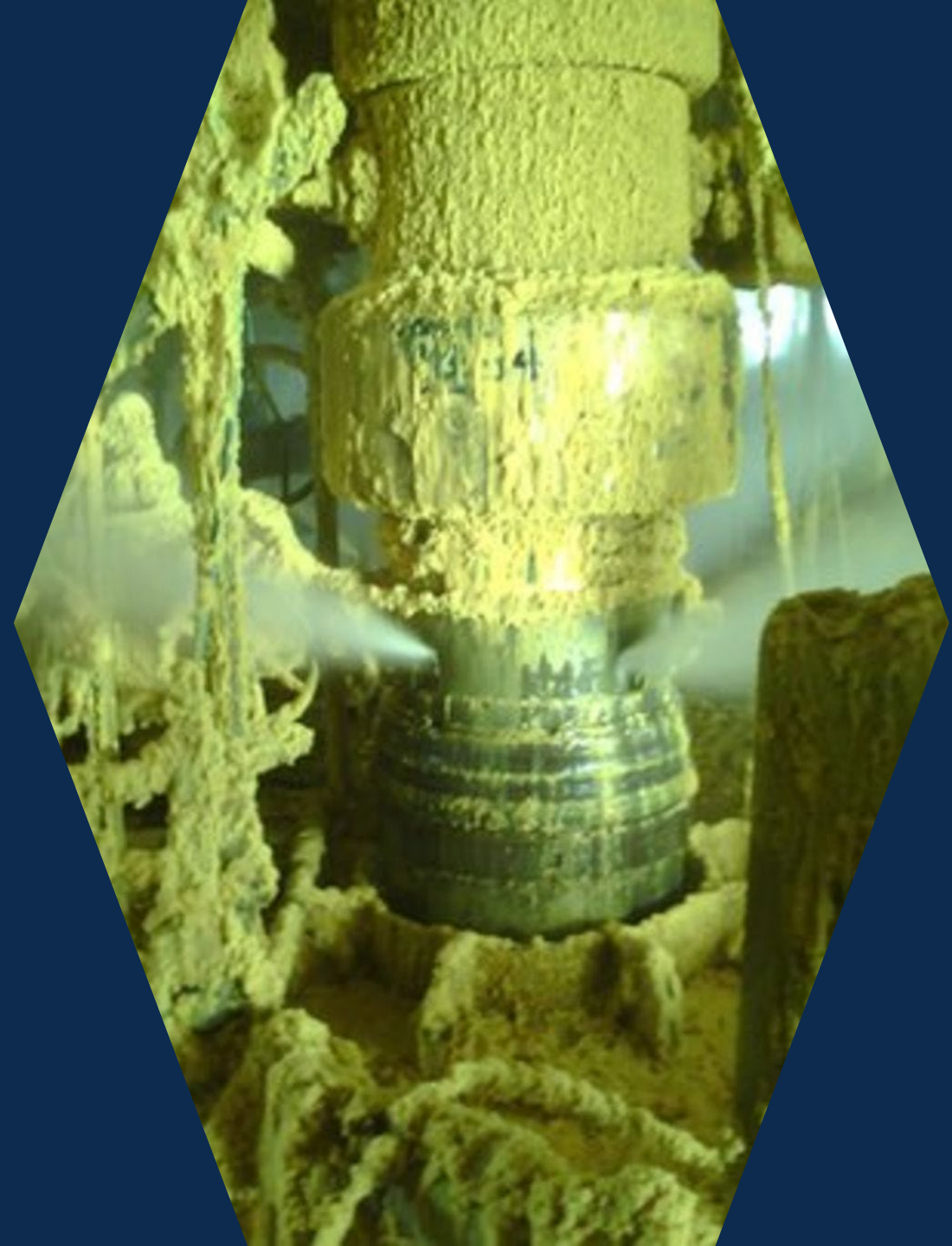
Head of Division Safety & Integrity

DrillWell

2nd June 2020

A779569

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History: Removal of equipment

1967 Petroleum Submerged Lands Act

2006 Offshore Petroleum and Greenhouse Gas Act

2018 Offshore Petroleum decommissioning guideline (Dept. of Industry Science Energy & Resources)

2019 Minister's Statement of Expectations

2020 Northern Oil and Gas Australia (NOGA) go into liquidation

2020 The Walker Report on NOGA

2020 Enhancing Australia's decommissioning framework (Consultation Paper DISER)

2021 Offshore Petroleum and Greenhouse Gas Act Exposure Draft

2021 NOPSEMA Policy for comment §572 Maintenance and removal of property

2021 NOPSEMA Decommissioning Compliance Strategy

2021 NOPSEMA Decommissioning Compliance Plan

Wells

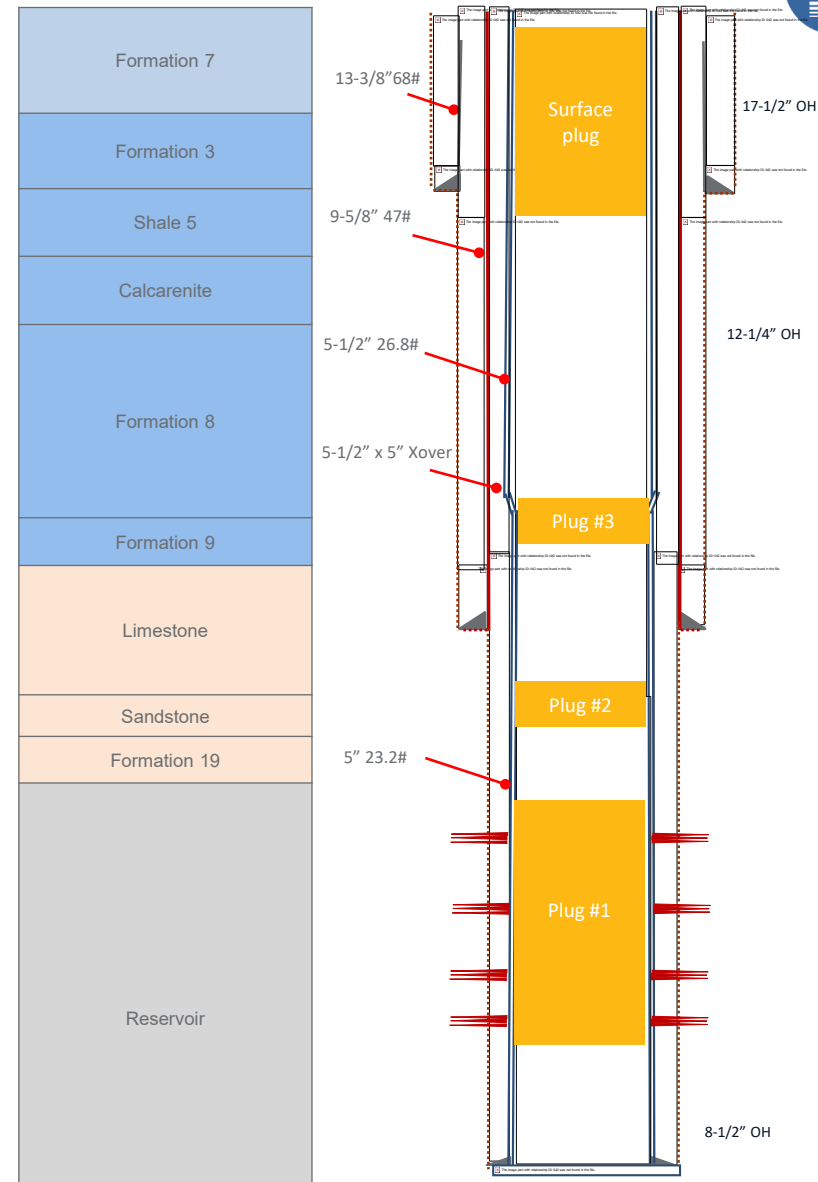
“In Force” WOMPS - 70

Wells on a current “In Force” WOMP ≈ 895

“Shut in” ≈ 149

“Suspended” ≈ 255

Some since 1970's.....



Section 572 Maintenance and removal of property

Document No: N-00500-PL1903 A720369

Date: 20/11/2020

Background to policy

Section 572 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGs Act) places duties on titleholders in relation to the maintenance and removal of structures, equipment and property brought onto title.

In the October 2019 Statement of Expectations from the Minister for Resources and Northern Australia, the Minister highlighted the need for heightened oversight of titleholders' compliance with their obligations under section 572 of the OPGGS Act.

The statement of expectations requires NOPSEMA, through its regulatory processes, to ensure that titleholders maintain structures, equipment and property in the title area used in connection with the operations authorised by the title, and to remove them when neither used, nor to be used. Deviations from the requirement to remove property can only be accepted where it is appropriate having regard to the Australian Government *Offshore Petroleum Decommissioning Guideline*.

NOPSEMA's statement of intent issued in November 2019 outlined that NOPSEMA will, through its compliance monitoring and enforcement activities, ensure that titleholders are appropriately planning for and executing decommissioning activities in a timely and responsible manner.

To give effect to the statement of expectations and NOPSEMA's statement of intent, NOPSEMA has established this regulatory policy to communicate how it will focus on titleholders' compliance with section 572 through compliance monitoring and enforcement activities.

This regulatory policy may need to be amended depending on the implementation approach contained in the proposed Australian Government Decommissioning Policy Framework that is to be released. This regulatory policy continues to apply in the context of the existing legislative and administrative framework until these changes come into force.

§572(2)

A titleholder must maintain in good condition and repair all structures that are, and all equipment and other property that is:

- a) in the title area; and
- b) used in connection with the operations authorised by the permit, lease, licence or authority.

§572(3)

A titleholder must remove from the title area all structures that are, and all equipment and other property that is, neither used nor to be used in connection with the operations

Policy

- Safety Case
- Environmental Plan
- WOMP

Decommissioning Plan

What is the level of regulatory intervention I may expect?	What are the triggers that will result in this type of compliance action?	What type of compliance actions may be applied?
1. Higher level of regulatory oversight	<ul style="list-style-type: none"> Field is in a permanent state of non-production No permissioning document in place to conduct necessary decommissioning activities Suspended wells or infrastructure posing integrity risk No/limited progress in executing field decommissioning to approved end-state Evidence of integrity issues that are likely to limit decommissioning options Asset sale being progressed 	<ul style="list-style-type: none"> Compliance actions such as statutory General and Remedial Directions or formal requests for revisions to permissioning documents Commencement of investigation
2. Moderate level of regulatory oversight	<ul style="list-style-type: none"> Approaching end of field life (EOFL) within 5 years No permissioning document in place to conduct decommissioning activities Some property is in non-production/wet parked with low integrity risk Suspended wells with low integrity risk Wellheads remaining in-situ with no accepted permissioning document Integrity may become an issue in near term and limit future decommissioning options Limited progress in executing field decommissioning to approved end-state Potential asset sale being explored 	<ul style="list-style-type: none"> Compliance actions such as formal request to revisions of permissioning documents or seeking advice on compliance with decommissioning obligations from titleholders Verification of compliance through targeted compliance monitoring or assessment of permissioning documents
3. Lower level of regulatory oversight	<ul style="list-style-type: none"> Operational with end of field life in 5-10 years Integrity may become an issue in longer term and may limit future decommissioning options Permissioning document provides some detail on decommissioning activities 	<ul style="list-style-type: none"> Regular promote and advise opportunities Verification of compliance through routine compliance monitoring or assessments of permissioning documents
4. Routine regulatory compliance monitoring	<ul style="list-style-type: none"> Operational with end of field life in >10 years No integrity issues Permissioning document demonstrates compliance with requirements and describes decommissioning planning and execution activities 	<ul style="list-style-type: none"> Some promote and advise opportunities Verification of compliance through routine compliance monitoring or assessments of permissioning documents

Strategy – Life Cycle Concept



Decommissioning Compliance Strategy

2021 to 2025

Purpose: To set the direction for how NOPSEMA will work with its stakeholders to ensure that decommissioning of wells, structures, equipment and property is undertaken in a timely, safe and environmentally responsible manner and is considered across the full life cycle of a project. The strategy intends to reinforce and clarify decommissioning related requirements of titleholders under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (the Act) and ensure appropriate planning for, and execution of, decommission activities in Australia's Commonwealth waters.

Decommissioning of offshore petroleum wells, structures, equipment and property completed in a timely, safe and environmentally responsible manner			
Objectives			
Ensuring titleholders have appropriate plans for decommissioning all wells, structures, equipment and property, and are executing activities to complete decommissioning in a timely manner	Providing certainty to the oil and gas industry regarding the obligations to decommission all wells, structures, equipment and property	Improving understanding and capacity building of safety, well integrity, and environmental outcomes for the decommissioning of wells, structures, equipment and property	
Actions	Coordinate assessment and decision-making of permissioning documents to ensure decommissioning related requirements have been met and considered throughout the life cycle of a petroleum project	Develop and communicate NOPSEMA's regulatory policies in relation to decommissioning related legislative provisions including Section 270 and 572 of the Act and supporting regulations	Collaborate with oil and gas industry, government and other stakeholders so that there is a common understanding of challenges, solutions and expectations of government
	Pursue revisions to in-force permissioning documents when titleholders have failed to adequately provide for the planning, maintenance and/or decommissioning of all wells, structures, equipment and property	Collaborate with oil and gas industry and other stakeholders to develop guidance to assist titleholders in preparing decommissioning permissioning documents and explain how NOPSEMA makes its decisions	Promote greater research by oil and gas industry and government to address gaps in knowledge associated with short- and longer-term consequences of offshore petroleum decommissioning activities
	Undertake compliance monitoring of titleholders to understand their organisational approach to decommissioning and complete risk-based inspections to verify specific planning for, and execution of decommissioning activities	Collaborate with oil and gas industry and other stakeholders to understand the risks and benefits of alternatives to full removal and provide a pathway for obtaining deviations where appropriate	Work with stakeholders to identify opportunities for the development of an oil and gas industry property register to provide greater situational awareness of number, type, condition and status of wells, structures, equipment and property
	Apply appropriate compliance action (e.g., serving remedial and general directions) to ensure compliance of titleholders with their decommissioning obligations	Streamlining of the environmental approval (e.g., Sea Dumping Act) process for petroleum decommissioning activities in Commonwealth waters to minimise burden and duplication of effort	Collaborate with oil and gas industry to promote and share good practice approaches to decommissioning of offshore wells, structures, equipment and property
	Investigate and undertake appropriate compliance action including enforcement and prosecution in cases where a titleholder has not maintained property and equipment and this compromises the ability to remove it, or the titleholder has failed to decommission it following cessation of production	Provision of advice to NOPTA and the Joint Authority to assist with informing their decision-making regarding title related decommissioning compliance matters	Prepare guidance and promote the publication of environmental performance reports describing a titleholders' performance and reports describing NOPSEMA decision making related to permissioning documents for decommissioning activities
Targets	End 2021	End 2023	End 2025
	<ul style="list-style-type: none"> All new and revised permissioning documents demonstrate how decommissioning requirements have been considered 	<ul style="list-style-type: none"> Titleholders are aware of decommissioning requirements in place and how to prepare permissioning documents Suite of NOPSEMA guidance available outlining expectations in relation to the different phases of decommissioning 	<ul style="list-style-type: none"> Research project/s have scopes and inputs identified to better understand and address information gaps Guidance released clarifying requirements and expectations in relation to decommissioning
	<ul style="list-style-type: none"> Decommissioning plans are in place for all structures, equipment and property that have ceased production All wells have been risk assessed and have accepted abandonment plans in place Moored or tethered buoyant infrastructure removed within 12 months of permanently ceasing operation 	<ul style="list-style-type: none"> Arrangements are in place for a single environmental approval for decommissioning activities in Commonwealth waters Suite of NOPSEMA guidance published 	<ul style="list-style-type: none"> Property register established Environmental performance report published for all decommissioning activities Key information gaps addressed through research projects and collaboration and outputs applied in permissioning documents
Targets	End 2025		
	<ul style="list-style-type: none"> All structures, equipment and property decommissioned to approved end-state within 5 years of permanently ceasing production All wells have been plugged and closed-off with accepted abandonment report within 3 years of permanently ceasing production Successful prosecution or enforcement action taken when deemed necessary 	<ul style="list-style-type: none"> Reduction in average assessment timeframes for decommissioning plans 	<ul style="list-style-type: none"> Increased coordination and collaboration in the execution of decommissioning activities Increased adoption of innovative and best practice decommissioning solutions

End 2021

- All new and revised permissioning documents demonstrate how decommissioning requirements have been considered

End 2023

- Decommissioning plans are in place for all structures, equipment and property that have ceased production
- All wells have been risk assessed and have accepted abandonment plans in place
- Moored or tethered buoyant infrastructure removed within 12 months of permanently ceasing operation

End 2025

- All structures, equipment and property decommissioned to approved end-state within 5 years of permanently ceasing production
- All wells have been plugged and closed-off with accepted abandonment report within 3 years of permanently ceasing production
- Successful prosecution or enforcement action taken when deemed necessary

Future

Amendment Bill 2021 – Exposure Draft

- Provides for oversight of changes in control of titleholders (such as through a corporate merger or acquisition), financial assurance checks
- Expands existing powers to 'call back' previous titleholders to decommission infrastructure and remediate the marine environment in the title area where the current or immediate former titleholder is unable to do so (known as 'trailing liability').
- Provides for specific decision-making criteria and expanded information-gathering powers to assess the suitability of entities wishing to enter into or progress through the regime. and
- Includes minor and technical amendments to improve the operation of the OPGGS act, including enabling electronic lodgement of applications.

Setting the Context – Well Integrity

OPGGS Act §270 Includes

– “has, to the satisfaction of NOPSEMA plugged or closed off all wells”

- Geological time. Legacy for future generations
- Reference to international standards OGUK NORSOK

OPGGS Act (RMA Regs)

- R5.17 WOMP ends when: “the titleholder has permanently abandoned the well of wells to which the plan applies” and the report is accepted by the Regulator.
- R5.09(i) “a description of the arrangements That will be in place for suspension and abandonment of the well”

NOPSEMA assisting

- Transfer of wells between WOMPS
- Submission of a WOMP in parts
- Support for Industry Collaboration

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