

General Direction – s 574

Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth)

Direction No: 1886

To Jadestone Energy (Eagle) Pty Ltd, (ACN 627 006 679):

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

I, Derrick O'Keeffe – Head of Division – Safety & Integrity 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 2 August 2022.

Signed:



Derrick O'Keeffe

Head of Division – Safety & Integrity

Dated: 12 September 2022

1. Commencement

This direction takes effect on the date of signature.

2. Application

This direction applies to Jadestone Energy (Eagle) Pty Ltd (ACN 627 006 679), the registered holder of petroleum production licence AC/L7 (the registered titleholder).

3. Extended Application

Pursuant to subsection 574(3)(a) of the Act, this instrument also applies to Jadestone Energy (Eagle) Pty Ltd (ACN 627 006 679) as the registered operator of the Montara Venture FPSO facility (the facility) associated with the petroleum production licence identified above.

4. Direction

1. The registered titleholder and any parties to whom direction is extended are given the directions contained in Schedule 1.
2. Each direction in Schedule 1 is a separate direction.

Schedule 1 - Directions

Jadestone Energy (Eagle) Pty Ltd (Jadestone), is directed as follows:

Direction 1

To prevent the re-introduction of produced hydrocarbons at the facility, until it has been demonstrated to the satisfaction of NOPSEMA that the structural integrity of the facility's hull and tanks, are assured by Direction 2.

Direction 2

- 2.1 To engage a suitably qualified independent organisation (the independent reviewer) to:
 - 2.1.1 undertake a gap recognition review; and
 - 2.1.2 review and provide advice on remediation plans developed by Jadestone; and
 - 2.1.3 confirm operational readiness of the facility,(collectively called the Project).
- 2.2 Ensure the Terms of Reference of the Project have regard to:
 - 2.2.1 international industry good practice;
 - 2.2.2 the effectiveness of the current system of inspection, maintenance, testing and repair, including facility history;
 - 2.2.3 the current system of operational management as it relates to structural integrity; and
 - 2.2.4 the current expected field life.
- 2.3 To, as soon as practicable, provide to NOPSEMA a draft of the Terms of Reference referred to in Direction 2, at 2.2 above.
- 2.4 To submit a written report by close of business every Wednesday to NOPSEMA describing the progress of the Project, until the Project is complete.
- 2.5 On completion of the Project, provide a report produced by the independent reviewer to NOPSEMA for its consideration prior to the re-introduction of hydrocarbons at the facility.

Explanatory Statement

Two incidents at the facility have resulted in the loss of structural integrity of three tanks (2C, 5C and 4S).

The first incident on 17 June 2022 involved loss of containment of petroleum from cargo tank 2C with the potential for a significant oil pollution incident and associated environmental impact. Several chance mitigating factors appeared to limit the released volume. Environmental Prohibition Notice 1875 was issued in response to the cargo tank 2C incident based on information available at that time.

The second incident on 3 August 2022 involved the loss of containment of crude oil which leaked from cargo tank 5C into ballast tank 4S, compromising both tanks and their fitness for purpose. The registered operator shut-in hydrocarbon production and commenced an investigation.

NOPSEMA has concluded that the system of managing structural integrity of the Montara Venture FPSO hull and tanks is failing to identify and control structural integrity risks. Ongoing failure of the system to manage structural integrity risks may result in significant safety and environmental impacts.

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 the extended application in s 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 specified person; or
- d) displayed at a prominent position at a place in the offshore area frequented by that other specified 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.