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Northern Endeavour – Enforcement Actions

KEY POINTS

1. The Northern Endeavour facility ceased hydrocarbon production operations on 12 July 2019, and cannot recommence until the requirements of Prohibition Notice no. 755 (issued 10 July 2019) and General Direction no. 753 (issued 18 July 2019) have been met.
 - a. *Timor Sea Oil and Gas Australia* (TSOGA) is the titleholder for the Northern Endeavour facility, while *Upstream Petroleum Solutions* (UPS) is the facility operator (activity map – page 4).
2. TSOGA has suggested that the prohibition notice and general direction could be replaced with improvement notices. The issuance of improvement notices would indicate that the immediate threat to safety has been removed; in NOPSEMA's view this has not yet been achieved.
3. From 10–12 September, an inspection of the Northern Endeavour was conducted and identified that assessment and remedial work regarding the enforcement actions had yet to be completed, and as the immediate threat to safety remained the prohibition notice and general direction would stay in-force.
4. On 12, 17, 18 and 19 September 2019, NOPSEMA met with TSOGA regarding the assessment and remedial work, reiterating that recommencing hydrocarbon production prior to the work's completion could lead to a major accident event as the immediate threat to safety had not yet been removed.
5. TSOGA's claims of a lack of clarity from NOPSEMA stem from disagreement around work required to address the immediate threat. NOPSEMA has provided significant guidance to TSOGA around outstanding matters. TSOGA maintains the view that the immediate threat has been removed.

Inspection Findings

6. From 10-12 September 2019, an inspection of the Northern Endeavour was conducted, identifying:
 - a. Requirements of Prohibition Notice no. 755, issued to UPS on 10 July 2019 [REDACTED]
 - i. UPS was required to conduct a survey of the Northern Endeavour to identify, assess and remediate all corrosion defects to remove the immediate threat caused by the current degraded state, to ensure sufficient assurance regarding the technical integrity of safety critical structures and equipment.
 - ii. [REDACTED]
 - b. Requirements of General Direction no. 753, issued to TSOGA on 18 July 2019, have been partly addressed. Outstanding matters that require immediate action include:
 - i. remediation of structural corrosion of the central walkway bridge support structure;
 - ii. integrity of the aqueous film forming foam system – the fire suppression cannot be relied upon in an emergency situation, and
 - iii. incomplete inspection and maintenance activities in relation to the subsea infrastructure.

Titleholder Engagement

7. TSOGA has made multiple requests during recent engagement with NOPSEMA, including:
 - a. meetings with the NOPSEMA Advisory Board;
 - b. replacement of the prohibition notice and general direction with improvement notices, to allow for hydrocarbon production operations to recommence, and

- c. a response from NOPSEMA to TSOGA's possible notification that it may terminate the services of UPS, the operator of the Northern Endeavour facility.
8. NOPSEMA's position regarding these requests:
- a. The NOPSEMA Advisory Board determine who they meet with, and TSOGA have been advised that the Board operates in an advisory capacity without any role in compliance and enforcement action.
 - b. Notices and directions are lifted as soon as NOPSEMA is satisfied that the immediate threat has been removed. Improvement notices may be issued if required and are appropriate to ensure compliance with the regulatory regime.
 - c. Should TSOGA terminate the services of UPS, it will be in breach of General Direction (No. 741) issued 26 April 2019, requiring the facility to have an operator with an approved safety case.

Enforcement Approach

9. NOPSEMA consistently demonstrates principles of procedural fairness, and has met regularly with TSOGA and UPS to discuss enforcement action and remedial work.
10. The enforcement actions taken by NOPSEMA to bring the Northern Endeavour back into regulatory compliance are neither unprecedented nor disproportionate to the risks.
11. In the last two years NOPSEMA has taken significant enforcement against specific facilities where risks warranted the action. Examples include:
- a. Montara facilities: September 2018 – January 2019
 - i. Multiple enforcement actions including an OHS prohibition notice, four OHS improvement notices [REDACTED]
 - ii. On 14 November 2018, hydrocarbon production operations were suspended and did not recommence till 11 January 2019.
 - b. Inpex facilities: June 2017 – throughout 2018
 - i. Multiple enforcements actions including two OHS improvement notices and a general direction.
 - ii. On 3 August 2018, NOPSEMA required that hydrocarbon production not commence due to an immediate threat to safety. The production schedule was suspended, and following removal of the immediate threat, hydrocarbon production commenced on 16 October 2018.
 - iii. NOPSEMA conducted 16 inspections of the Ichthys facilities within an 18 month period.

Ministerial Talking Points

12. In response to approaches to Ministers by TSOGA and/or UPS:
- I am advised by NOPSEMA there are ongoing issues at the Northern Endeavour facility that pose an immediate threat to persons and the environment, and are subject to enforcement actions.
 - I am advised by NOPSEMA that similar enforcement actions have been taken against other duty holders that have resulted in lengthy suspension of hydrocarbon production operations.
 - I support NOPSEMA in taking any action necessary to ensure that the workforce and environment are protected.
 - This is a compliance matter that is appropriately being dealt with by the independent regulator.
13. In response to media enquiries to Ministers:
- NOPSEMA's enforcement actions against the operator and titleholder of the Northern Endeavour facility is to protect the offshore workforce and the environment.
 - Oil will not be reintroduced until NOPSEMA is satisfied that a range of maintenance and corrective work has been undertaken to remove immediate threats to the facility.
 - Further questions regarding this matter should be directed to NOPSEMA.

Background

Location

- The Northern Endeavour is located in the Timor Sea approximately 550 km West North West of Darwin, and 250 km East South East of Kupang in West Timor (activity map – page 4).
- The Northern Endeavour is situated within the Scheduled Area for the Commonwealth Territory of Ashmore and Cartier Islands.

Hydrocarbon Production

- The facility produces oil from the Laminaria-Corallina fields located in petroleum production licence area AC/L5.
- Production volumes are comparatively low and the full hydrocarbon inventory is exported for refining in overseas jurisdictions.

Compliance and enforcement history

- NOPSEMA has conducted 15 inspections and two investigations in relation to the Northern Endeavour since TSOGA acquired the facility from Woodside Energy Limited (WEL) in 2016.
- Since 2016, the Northern Endeavour facility has been subject to a number of other enforcement actions:
 - 18 July 2019: general direction to TSOGA for multiple non-compliances that could lead to a major accident event. *The direction remains in-force.*
 - 10 July 2019: prohibition notice to UPS for failure to respond to excessive structural corrosion on the facility leading to the potential for dropped objects and hydrocarbon releases. The effect of this notice resulted in cessation of production at the facility. *The notice remains in-force.*
 - 26 April 2019: general direction to TSOGA for failure to demonstrate commitment to retaining a facility operator and safety case while the facility is in use, until such a time a subsequent registered operator and accepted safety case are in force. *The direction remains in-force.*
 - 2 April 2019: general direction to TSOGA for failure to demonstrate continued adequate oil spill response capability and financial assurance. *The notice has been complied with.*
 - 13 November 2018: Environmental improvement notice, for insufficient capacity to coordinate and manage oil spill response due to arrangements with third parties for oil spill response strategies not being accessible or maintained. *The notice has been complied with.*
 - 24 June 2016: Environmental prohibition notice and a general direction, for an inadequate capability and capacity to respond to an oil spill from an uncontrolled release of petroleum. *The notice has been complied with.*

Links to enforcement notices

- [General Direction no. 741](#), issued to TSOGA on 26 April 2019.
- [Prohibition Notice no. 755](#), issued to UPS on 10 July 2019.
- [General Direction no. 753](#), issued TSOGA on 18 July 2019.

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Activity Map

