

Enforcement Action – Northern Endeavour

Key Points

1. On 10 July 2019, NOPSEMA issued a Prohibition Notice to Upstream Production Solutions (UPS) the operator of the Northern Endeavour production facility for non-compliances relating to corrosion issues at the facility that could lead to a major accident event causing multiple fatalities and environmental damage.
 - a. 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 3).
2. The effect of the notice is that UPS must cease hydrocarbon production operations at the facility until assurance regarding the integrity of the facility is provided to NOPSEMA's satisfaction.
3. As previously advised by NOPSEMA and NOPTA, the titleholder for the facility Timor Sea Oil and Gas Australia Pty Ltd (TSOGA) may not be in a position to provide sufficient funds to UPS to rectify corrosion issues and recommence production at the facility. TSOGA may also not be in a sufficiently stable financial position to meet other obligations including decommissioning of the facility and oil field which may have consequential ramifications for the Australian Government.
4. Cessation of production at the facility may have implications for the ongoing negotiations with Timor-Leste regarding establishment of permanent maritime boundaries in the Timor Sea, given proximity of the facility to Timor-Leste and TSOGA's involvement in the negotiation process to date.
5. NOPSEMA are considering further enforcement actions covering additional identified non-compliances, including potentially issuing a general direction to TSOGA for failing to ensure the facility is safe for people and the environment.

Media Interest

6. The OHS Prohibition Notice will be published on NOPSEMA's website on 10 July 2019.
7. The media are likely to report on cessation of production at the facility given previous interest from The West Australian and industry press regarding NOPSEMA enforcement actions at the facility.

Talking Points – Media/Parliamentary

8. I can confirm that NOPSEMA has required the operator of the Northern Endeavour facility in the Timor Sea to cease oil production.
9. This action has been taken by NOPSEMA to protect the offshore workforce and the environment.
10. I understand that production at the facility can recommence when the operator demonstrates to NOPSEMA that it is safe to do so.
11. As the independent authority and expert regulator of offshore oil and gas operations, I support NOPSEMA taking this action.
12. Further questions regarding this matter should be directed to NOPSEMA.

Approaches to Ministers by TSOGA

13. It is likely that representatives of TSOGA and/or UPS will seek to engage with relevant Ministers regarding NOPSEMA's actions at the Northern Endeavour.
14. If approached, Ministers may wish to use the following talking points;

- a. I am advised by NOPSEMA that there are significant and ongoing issues at the facility that are subject to multiple enforcement actions.
- b. I support NOPSEMA in taking any action necessary to ensure that the workforce and environment are protected.
- c. This is a compliance matter that is appropriately being dealt with by the independent regulator.

Hydrocarbon Production

15. The Northern Endeavour is situated within the Scheduled Area for the Australian Commonwealth Territory of Ashmore and Cartier Islands.
16. The facility produces oil from the Laminaria-Corallina fields located in petroleum production licence area AC/L5.
17. Production volumes are comparatively low and the full hydrocarbon inventory is exported for refining in overseas jurisdictions.
18. Cessation of production at the facility will have very limited if any ramifications for domestic hydrocarbon supply.

Background

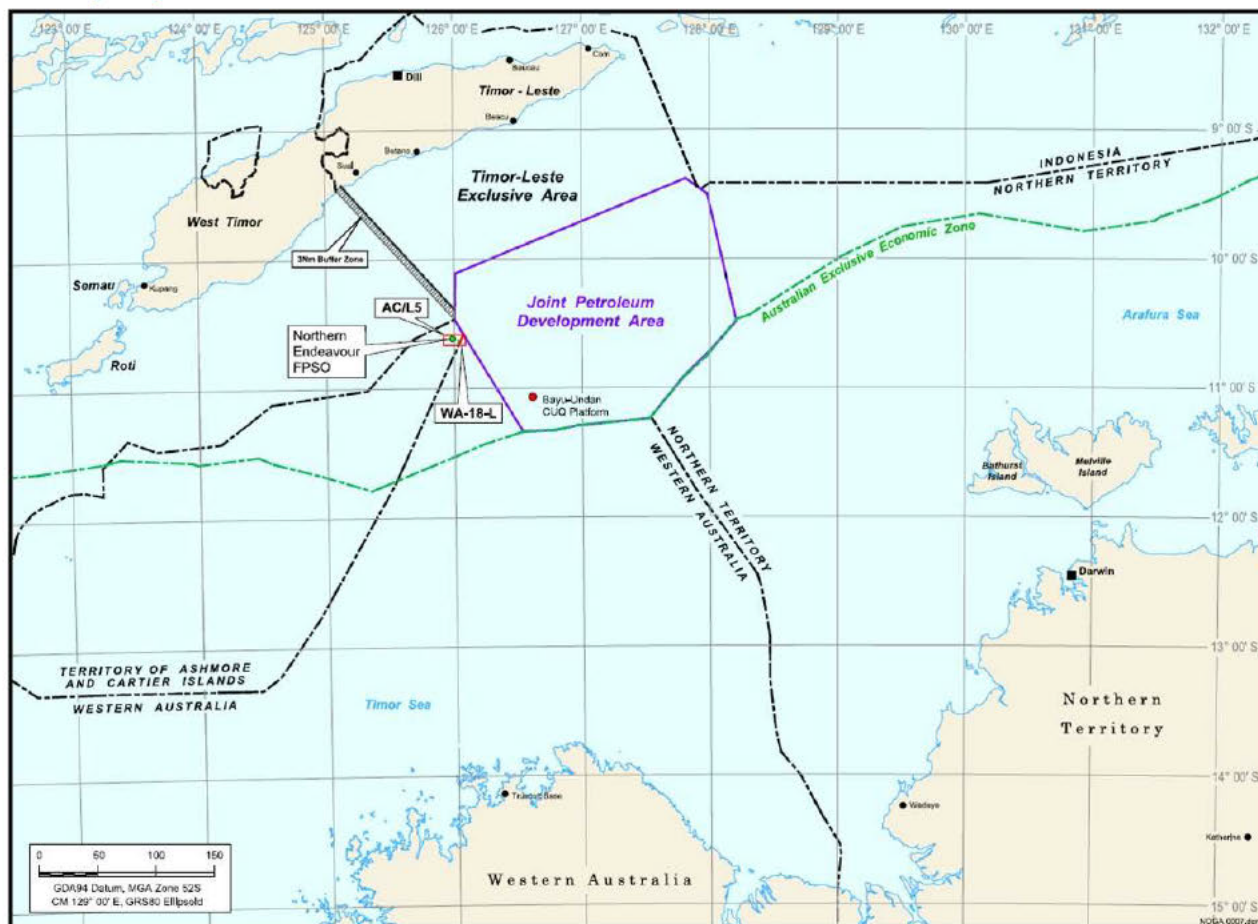
19. There are multiple existing enforcement actions in force at the Northern Endeavour facility including two general directions and a Fair Work Commission agreement resulting from multiple improvement notices (see compliance and enforcement history below).
20. NOPSEMA is aware there continue to be financial and contractual disagreements between TSOGA and UPS for outstanding invoices for work carried out at the facility.
21. NOPSEMA will continue to provide advice on the Northern Endeavour as it relates to its regulatory functions and will consider what further actions may be available under the legislative framework to continue to manage risks associated with the facility.

Compliance and enforcement history

- On 8 July 2019, NOPSEMA conducted an OHS inspection of the facility and identified significant structural corrosion on the facility that formed the basis for the OHS Prohibition Notice.
- NOPSEMA has conducted 14 inspections and two investigations in relation to the Northern Endeavour facility since TSOGA acquired the facility from Woodside Energy Limited (WEL) in 2016.
- In that time, the Northern Endeavour facility has been subject to a number of other enforcement actions:
 - 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.
 - 2 April 2019: General Direction to TSOGA for failure to demonstrate continued adequate oil spill response capability and financial assurance at the Northern Endeavour facility. An extension was granted to 11 July 2019 to TSOGA to demonstrate compliance and an inspection is organised for the week commencing 15 July 2019.
 - 16 November 2018: Two OHS Improvement Notices issued to UPS in relation to hull integrity and maintenance of compliance with Class requirements.
 - *Subsequent to an appeal, actions required under these notices are to be delivered through a Fair Work Commission agreement and as such are not published. UPS compliance in accordance with the Fair Work Commission agreement is due 31 August 2019.*

- 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.
- 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.

Activity Map



NOPSEMA Contact

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