

OHS Improvement Notice

Offshore Petroleum and Greenhouse Gas Storage Act 2006, Schedule 3 clauses 78, 78A and 78B

Notice No: 1899

Date: 29/12/2022

To: Vermilion Oil & Gas Australia Pty Ltd

In conducting an OHS inspection in relation to the Wandoo A and Wandoo B facilities, I [REDACTED], a NOPSEMA inspector appointed under section 602 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (the Act), am satisfied on reasonable grounds that Vermilion Oil & Gas Australia Pty Ltd (VOGA) has contravened a provision of a listed OHS law and is likely to contravene that provision again
AND

As a result, there is, or may be, a risk to the health or safety of a person at the Wandoo A and Wandoo B facilities.

I am satisfied that VOGA has contravened Clause 9(2)(d) of Schedule 3 to the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* and is likely to contravene that provision again (The operator of a facility must take all reasonably practicable steps to implement and maintain systems of work at the facility that are safe and without risk to health).

The reasons for my opinion are:

NOPSEMA has investigated pipework failures and loss of containment incidents that occurred between September 2021 and November 2022 on Wandoo A and Wandoo B. From these investigations, and inspections in June and December 2022, the following failures were identified:

1. The Pressure Integrity Management System (PIMS), as described in the accepted Safety Case, had not been effectively implemented:
 - a. Piping inspections were not conducted in compliance with the frequencies specified in the performance standard.
 - b. VOGA failed to identify internal corrosion defects in the flowline pipework to prevent a loss of structural integrity and a consequent loss of containment.
 - c. Inspection, and remediation works had not been completed to address external corrosion to the flare and drain lines.
 - d. Auditing of the PIMS has not been conducted in compliance with the Pressure Integrity Manual, which is an integral part of the PIMS.
2. Specifically, during the December 2022 inspection NOPSEMA inspectors found VOGA:
 - had shut-in production on both Wandoo A and Wandoo B to carry out unscheduled inspection, maintenance and repair work;
 - does not have a systemic or reliable approach to scheduling, auditing and closure of action items of the safety management systems;
 - could not provide documented evidence of life extension corrective action closures within the specified due date;
 - had not completed the remedial action plan in relation the required timeframe;

- had not reported damage to safety critical equipment;
- needed to improve the Permit to Work system and Permit to Work endorsement process for the not normally staffed Wandoo A facility; and
- could not clearly demonstrate what works were required to be completed prior to a safe restart of production.

The Pressure Integrity Manual (PIM) provides an auditable arrangement that demonstrates equipment condition and continuing fitness for service. VOGA has failed to effectively implement its PIMS and as a result maintain pipework integrity to control the risks of loss of containment and safety of the workforce.

It is likely that VOGA will contravene clause 9(2)(d) of Schedule 3 of the Act again, as it has not implemented the necessary assurance measures and safe systems of work related to asset integrity of the pipework.

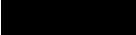
As a result of this contravention, I am satisfied that there is, or may be, the following risk to the health or safety of any person:

The failure of process pipework due to inadequate maintenance could lead to the loss of containment and associated risk of fire and/or explosion.

I am satisfied on reasonable grounds that the following actions must be taken by the responsible person to reduce or prevent the risk:

1. Prior to the restart of production:
 - a. the risks of further loss of containment due to failure of pipework as a consequence of inadequate maintenance must be assessed; and
 - b. additional controls to prevent further loss of containment and risk to personnel must be implemented.
2. A review must be conducted of the PIMS and auditing system described in the accepted Safety Case, by an independent competent person, to:
 - a. identify non-compliances in the implementation of the systems;
 - b. review the interface between the Asset Integrity Management System (AIMS), Computerised Maintenance Management System (CMMS) and PIMS and identify any incompatibilities between the systems that would impact safety; and
 - c. identify any other changes that would improve the safety outcomes of the PIMS in relation to the AIMS and CMMS.
3. Develop and implement a remedial action plan based on the review findings including interim controls to remain in place until remedial actions have been completed.

You are required to take action to reduce or prevent the risk within [90] days from the date of this notice.


NOPSEMA INSPECTOR
wA660828

29 December 2022

When the required actions have been completed, the Responsible Person is to submit this part of the notice to the following person via:

Post: Level 8, 58 Mounts Bay Road
Perth WA 6000

Email: submissions@nopsema.gov.au

Name: [REDACTED]
Position: **NOPSEMA INSPECTOR**
Contact number: [REDACTED]

By signing below, I confirm on behalf of Vermilion Oil & Gas Australia Pty Ltd (VOGA) that the specified action described in Improvement Notice No. 1899 has been undertaken within the period specified.

Signed: _____ Date: _____

(to be signed by responsible person only when the notice has been complied with)

Notes

1. Under clause 78A of Schedule 3 to the Act, a responsible person who fails to ensure that this notice is complied with, to the extent that it relates to any matter over which the responsible person has control:
 - a. commits an offence and may be liable to a penalty of 300 penalty units for the offence; or
 - b. contravenes a civil penalty provision and may be liable to a civil penalty of 400 penalty units.
2. For every day proceeding the initial offence or contravention the notice is not complied with, the responsible person commits an offence or contravention in respect of each day (including a day of a conviction under this clause or any later day) during which the offence or contravention continues.
3. A copy of this notice must be displayed in a prominent place at or near each workplace which work affected by the notice is being performed. It is an offence to tamper with or remove it until the notice has ceased to have effect.
4. The recipient of this notice must ensure that all relevant requirements for giving copies of the notice to certain persons and representatives are complied with in accordance with clause 78b to Schedule 3 to the Act.
5. Under clause 80A of Schedule 3 to the Act, any of the following persons may request the reviewing authority in writing to review the NOPSEMA inspector's decision:
 - the operator of the facility;
 - the titleholder, if the notice is issued to a titleholder;
 - any person to whom an improvement notice has been issued;
 - an employer, if affected by the decision;
 - a relevant health and safety representative; a relevant workforce representative, if requested by a member of the workforce affected by the decision;
 - a person who owns any workplace plant, substance or thing to which the NOPSEMA inspector's decision relates.