

**COMMISSION OF INQUIRY
MONTARA WELL HEAD PLATFORM
UNCONTROLLED HYDROCARBON RELEASE**

PTTEPAA

TERMS OF REFERENCE NO 2 AND 3

“Review the adequacy and effectiveness of the regulatory regime applicable to operations at or in connection with the Montara oil field, including under the Offshore Petroleum and Greenhouse Gas Storage Act 2006, and including the adequacy and effectiveness of all safety, environment, operations and resource management plans, and other arrangements approved by the regulator in force at the relevant time.”

“Assess the performance of relevant persons in carrying out their obligations under the regulatory regime.”

A What is the regulatory regime that is applicable?

1 The part of the regulatory regime applicable to the Montara oil field that is relevant to the safety, environment, operations and resource management plans is contained in the following legislation and regulations:

- (a) *Offshore Petroleum and Greenhouse Gas Storage Act 2006 (OPGGGS Act);*
- (b) *Environmental Protection and Biodiversity Conservation Act 1999 (EPBC Act);*
- (c) *Petroleum (Submerged lands) (Management of Environment) Regulations 1999 (MOE Regulations);*
- (d) *Petroleum (Submerged Lands) (Management of Well Operations) Regulations 2004 (WOMP Regulations);*
- (e) *Petroleum (Submerged Lands) (Management of Safety on Offshore Facilities) Regulations 1996 (MOSOF Regulations);*
- (f) *Petroleum (Submerged Lands) (Data Management) Regulations 2004;*
- (g) *Petroleum (Submerged Lands) (Occupational Health and Safety) Regulations 1993;*
- (h) *Maritime Transport and Offshore Facilities Security Act 2003; and*
- (i) *Maritime Transport and Offshore Facilities Security Regulations 2003.*

Note: from 1 January 2010 the *Petroleum (Submerged Lands) (Data Management) Regulations 2004* and *MOSOF Regulations* will be repealed and replaced by the *Offshore Petroleum (Safety) Regulations 2009*

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B What regulatory approvals was PTTEPAA required to obtain and did it have them?

- 2 The regime required PTTEPAA as the title holder of AC/L7 to obtain the following approvals for the drilling operations in the Montara oil field:

Note: References to PTTEPAA include references to the companies operating the Montara H1 ST1 Well prior to PTTEPAA's purchase of Coogee Resources (Ashmore Cartier) Pty Ltd, being Coogee Resources (Ashmore Cartier) Pty Ltd and Newfield Australia (Ashmore Cartier) Pty Ltd. References to all organisations using their current names include references to their former names.

Approval Required	Who from	Source legislation and Relevant Section	Date of Submission	Date of Approval
Environmental Approval for the Montara Project	Department of Environment Water, Heritage and the Arts (DEWHA)	EPBC Act s 133	4/4/03	3/9/03 (Original for wells 4, 5, 6 and GI) (Note: revised reservoir modelling for optimising oil recovery resulted in the wells changing to H1, H2, H3, H4 and GI)
			5/4/06 (Submission in relation to revised development plan).	2/5/06 (Confirmation from DEWHA that original conditions would apply to revised project).
Production and Exploration Drilling Environment Plan	Northern Territory Department of Regional Development, Primary Industry, Fisheries and Resources (NTDRDPIFR)	MOE Regulations Reg 9 - 11	18/10/07 (Submission of Plan for acceptance)	9/4/09 (NTDRDPIFR confirmed acceptance of the environmental plan covered drilling and completion operations of wells including the Montara H1 well). The plan was originally accepted by NTDRDPIFR on 11/01/08. NTDRDPIFR sent this confirmation

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				letter because its 18/11/08 letter approving the drilling of the Montara H1 well omitted to confirm its acceptance of the environment plan.
Installation and Commissioning Environment Plan	NTDRDPIFR	MOE Regulations Reg 9 - 11	30/4/08 (Original submission of Plan for acceptance) 29/06/09 (Resubmission of Plan for acceptance in relation to second phase of installation activities)	22/5/08 (Acceptance of original Plan by NTDRDPIFR) 07/07/09 (acceptance of resubmitted Plan by NTDRDPIFR)
Oil Spill Contingency Plan (OSCP)	DEWHA	EPBC Approval 2002/755 Condition 1	06/06/08 (Submission of Plan) 14/01/09 (Submission of Updated Plan) 19/05/09 (Submission of duplicate copy of Updated Plan submitted on 14/01/09)	5/6/09 (Written approval by DEWHA)
Well Operations Management Plan (WOMP)	NTDRDPIFR	WOMP Regulations Reg 5, 7, 8	7/11/08 (Submission of WOMP)	18/11/08 (Acceptance of WOMP)
Approval to drill	NTDRDPIFR	WOMP Regulations Reg 17 (1)(a)	7/11/08 (Application to Drill (Tophole Section) Montara H1)	18/11/08 (Approval to Drill (Tophole Section) Montara H1)

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			07/07/09 (Application to Drill (Horizontal Reservoir Section) and Complete Montara H1)	13/07/09 (Approval to Drill (Horizontal Reservoir Section) and Complete Montara H1)
Approval to side track the well	NTDRDPIFR	WOMP Regulations Reg 17(1)(a)	27/2/09	2/3/09
Approval to suspend the well	NTDRDPIFR	WOMP Regulations Reg 17(1)(d)	6/3/09	9/03/09 (Stage 1)
			12/03/09	13/03/09 (Stage 2)
Data Management Plans	NTDRDPIFR	Data Management Regulations Regs 16 - 18	7/11/08	18/11/08
Safety Case	NOPSA	MOSOF Regulations Regs 28 to 31	Nomination of PTTEPAA as operator of Montara FPSO, WHP and associated secondary lines (Montara facilities)	22/02/07
			Application for acceptance of Montara facilities Construction and Installation Safety Case: 07/12/07	5/05/08
			Application for acceptance of Montara WHP Hook-up & Pre-commissioning	18/08/08

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			<p>Safety Case revision: 25/06/08</p> <p>Application for acceptance of revision 2 of Montara WHP Hook-up & Pre-commissioning Safety Case revision: 15/05/09</p> <p>Note: Atlas Drilling (S) Pte Ltd is the registered operator of the West Atlas facility. Atlas Drilling (and not PTTEPAA) is responsible for obtaining safety case acceptances from NOPSAs for the operations of the West Atlas facility in AC/L7 in relation to the Montara development wells</p>	16/06/09
Offshore Facility Security Plan	Department of Infrastructure, Transport, Regional Development and Local Government	<p><i>Maritime Transport and Offshore Facilities Security Act 2003 and Maritime Transport and Offshore Facilities Security Regulations 2003</i></p> <p>Sections 100J</p>	20/4/09	24/6/09

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		and 100K		

C Did PTTEPAA carry out its obligations in relation to the attainment of approvals and plans?

3 PTTEPAA holds all of the approvals it was required to obtain to conduct the Montara oil field operations.

4 The Plans submitted by PTTEPAA were designed to ensure compliance with the requirements of the regulatory regime and the fact that the relevant regulators accepted this is evidenced by the fact that they approved all of the required plans to permit the operations in the Montara oil field to take place.

D What did PTTEPAA do to ensure compliance with the plans?

5 PTTEPAA ensured that all personnel working at the Montara oil field were appropriately trained to carry out the work they were carrying out including in relation to the approved plans that applied to their work.

6 PTTEPAA also carried out the following audits in relation to compliance with the relevant plans:

Date	What was audited?
May 2008	Compliance of PTTEPAA, Atlas Drilling and other drilling services contractors of PTTEPAA with Drilling Environment Plans
26-27 March 2009	Compliance of Atlas Drilling with West Atlas safety case/ safety management system
1 April 2008 20 April 2008 24 June 2008	Compliance with Drilling Programs and Well Construction Management System

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Date	What was audited?
17 October 2008	
27 January 2009	
1 February 2009	
25 March 2009	
30 March 2009	
9 April 2009	
14 April 2009	
15 April 2009	
18 April 2009	
30 April 2009	
16 July 2009	
29 July 2009	
30 July 2009	
August 2009	

- 7 No issues of any relevance to the Uncontrolled Release were identified during these audits.
- 8 In addition, PTTEPAA had scheduled an audit of the drilling programme to be conducted commencing September 2009. This audit did not take place as the Uncontrolled Release took place prior to it being able to commence.
- E PTTEPAA's comments in relation to the adequacy and effectiveness of the regulatory regime**
- 9 Approval is required for the OSCP from DEWHA and NTDRDPIFR under EPBC Act and MOE Regulations respectively for different purposes. The combat agency who actually has to operate should combat command be handed over to the National Plan is AMSA and it is not involved in the formal approval process. It seems that the one agency that has to actually operate under the OSCP should have some review rights. Consideration should be given to

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delegating the review of the OSCP to AMSA with authority to provide the necessary approvals under the EPBC Act and MOE Regulations on behalf of the other departments. In this regard, PTTEPAA provided AMSA with a copy of its approved OSCP on 29 June 2009.

- 10 The need for up to three lots of approvals for some plans adds to a petroleum company's administration and costs in getting petroleum operations under way. PTTEPAA notes that the need to have more than one agency approve the same plans which results in the duplication of some work in the petroleum industry has been recognised in the Productivity Commission's Research Report "*Review of Regulatory Burden on Upstream Petroleum (Oil and Gas) Sector*" April 2009.
 - 11 The amount of time taken to obtain some approvals tends to suggest that the relevant regulators may not have access to sufficient staff with the appropriate qualifications to review, consider and approve the relevant plans. Consideration should be given to how this issue can be addressed as it has the potential to impact on petroleum companies' decisions to undertake operations in Australia.
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