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I wish to make a submission to the “Montara Well Head Platform Uncontrolled Hydrocarbon Release” Inquiry. In particular this recommendation addresses point 10 of the enquiry Terms Of Reference.

Technical Review Process

This recommendation involves the review process for detailed design work including, but not limited to:

- Field development plans
- Reservoir management plans
- Drilling and / or completion programs

Many of the major hydrocarbon resource projects in Australia, both onshore and offshore, are developed and operated by one company (the operator) on behalf of multiple companies or title holders in a joint venture. Major examples include:

- North West Shelf gas (operated by Woodside on behalf of six joint venture partners including Shell, Chevron, BHPBilliton, BP and Mitsubishi-Mitsui)
- Bass Strait oil and gas (operated by ExxonMobil on behalf of two joint venture partners including BHP Billiton)
- The Laminaria Project (initially operated by Woodside on behalf of three joint venture partners including Shell and BHP Billiton)
- The Gorgon Project (operated by Chevron on behalf of three joint venture partners including Shell and ExxonMobil).

In these cases, before major project documents are submitted to the relevant regulators, they are generally circulated to the other joint venture partners for review and approval. This is often preceded by either formal or informal workshops (e.g. “peer reviews”) where technical representatives of all partners are given an opportunity to scrutinize and contribute to the final design.

As the other companies are effectively joint owners of the project, they have a vested interest in ensuring that the technical work of the operator is of a high standard – if not, the joint venture partners can be found to be equally liable (as demonstrated during the Longford gas explosion, 1998). The level of scrutiny coming from joint venture partners is often more severe than the level of scrutiny applied by the regulators, partly due to the commercial imperative placed on each company and often also due to the level of technical experience of the staff involved (e.g. of the six NWS partners, five are major operators of many other hydrocarbon projects and have access to a large, well-trained workforce and knowledge base). This is not necessarily to say that the level of scrutiny

applied by government agencies is inadequate, however scrutiny is generally motivated by different factors.

In the case of the Montara Project, the permit was held by a single company (Coogee Resources / PTTEP) since 2003. (Note that although Coogee was purchased by PTTEP early in 2009, as I understand it the nature of the acquisition was such that the effect on the Montara Project team would have been relatively minor.) Therefore for the six years prior to the incident, technical work prepared by project staff would not have been reviewed by any external technical experts before being presented to regulators. This “missing” level of scrutiny may be a very important factor distinguishing the Montara Project from many other hydrocarbon projects in Australia.

To ensure that all projects receive the highest level of technical scrutiny, I would like to make the following suggestions for consideration:

- 1) For single-company ventures (such as the Montara Project):
 - a. The company is required to arrange independent technical reviews (consisting of appropriately qualified personnel, e.g. from independent consulting companies or even from other major hydrocarbon operators, with appropriate confidentiality measures) for key project documents.
 - b. This review should be conducted prior to the regulator’s review if possible, or at least concurrent with the regulator’s review. (Alternately the independent panel could be a separate, independent part of the regulator’s review).
 - c. The regulator should be involved (at least in part) in the selection of the review team to ensure competence and independence of review team members.
 - d. The requirement for an independent review could be waived at the regulators discretion if the company has demonstrated:
 - i. Sufficient history of successful project operation under Australian regulatory regimes AND
 - ii. Adequate corporate processes which ensure a high level of internal review from staff outside the project team
- 2) For operators of multiple-partner ventures:
 - a. Evidence of a “peer review” process (or similar) should be presented as a formal requirement prior to regulatory approval.
 - b. The regulators should consult all joint venture partners independently to verify that adequate external review of the operator’s technical work has occurred.

Rumours of Incident Causes

As a secondary consideration to this submission I would like to express concern about some discussion of the incident I have seen online or as part of email chains. I have seen rumours presented as likely causes (or even as certain causes) which may have had origins in truth but seem altered in the telling to the point where some make little or no technical sense. They may be given additional credence by claiming some connection with the offshore hydrocarbon industry, but in some cases have gone through something of a “whispering chain” which may have distorted the

facts substantially. It is possible that some of this discussion may be included in other submissions to this enquiry.

I would like to be assured that the inquiry panel employs at least one appropriately qualified person to differentiate between fact and fiction in this critical inquiry. At this stage the inquiry website gives no indication of technical experts who may be employed.

About the author:

Scott Ryan holds a Bachelor of Engineering (Petroleum, Hons 1) from the University of NSW and has over ten years of industry experience with onshore and offshore projects. Four of those years were spent working on Timor Sea oil projects (with direct exposure to the Laminaria, Corallina, Jahal, Kuda Tasi and Audacious fields and indirect exposure to several others in the area). He was also previously employed by the University of Western Australia as a guest lecturer in Petroleum Reservoir Engineering for a four year period.

This submission is private and represents only personal technical opinion and experience. It is not endorsed by Mr Ryan's current or previous employers.