



**NOPSA**

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Mr David Borthwick AO PSM  
Commissioner  
Montara Commission of Inquiry  
GPO Box 890  
CANBERRA ACT 2601

Dear Mr Borthwick

Thank you for the opportunity to consider the draft supplemental report prepared on behalf of the World Wildlife Fund (WWF) by the Alaskan consulting firm Harvey Consulting LLC and nominally dated 26 March 2010.

NOPSA has the following comments:

**1. Prescriptive Regulation** - Referring to the draft report executive summary items 1.69 through 1.78, 1.22, 1.23, 1.28, 1.42, 1.53 and the findings and recommendations of section 4.32 and page 78 of 4.34.

The author makes a large number of findings and recommendations based on a single false premise; that had prescriptive legislation been in place, in particular, "*The Schedule of Specific requirements as to Offshore Petroleum Exploration and Production*", then the Montara blowout would not have occurred. However, since it is clear that: the titleholder did not adhere to its own internal well construction standards and; since its individual senior employees were aware of the contents of the aforementioned *Schedule* and; it can be alleged that the titleholder failed to comply with the requirements of other relevant legislation, there is no basis for the contention that prescriptive legislation would have delivered a different outcome in this case. The author does not substantiate the claim and confounds the matter by discussing the contemporaneous and ongoing use of the *Schedule* by State Government agencies. Further, despite referring to the Deepwater Horizon blowout, the author declines to comment on the prescriptive nature of the United States offshore continental shelf regulatory regime in this context, and ignores the changes from prescriptive to objective based "wells" legislation currently underway in Canada.

**2. Offshore Petroleum and Greenhouse Gas Storage Act 2006 (OPGGSA -06)**

**Parts 6.8 & 6.9** - Referring to the draft report executive summary items 1.24, 1.60, 1.61, 1.64 through 1.67, 1.79, 1.80 and the findings and recommendations of sections 4.28, 4.30, 4.34 and 4.35.

The author misrepresents or is ignorant of the existing relative duties and obligations imposed upon titleholders, operators and other parties including employers, by the OPGGSA 06 generally and the listed OHS laws in particular. The author also misrepresents NOPSA's functions here, appears to lack understanding of the physical nature of the Montara WHP at any point in time and makes a false assertion in 1.64 regarding NOPSA well expertise.

**3. Regulatory Burden** - Referring to the draft report executive summary items 1.10, 1.15, 1.19, 1.28, 1.32, 1.34, 1.44, 1.48, 1.49, 1.50, 1.53, 1.92, 1.93 and 1.94

The author makes recommendations here that have the potential to significantly increase the regulatory burden on industry without delivering a corresponding improvement in the industry's safety performance. No regulatory impact statement or similar cost benefit analysis is offered. NOPSA notes for example, that 1.15 would likely require a full-time regulatory presence at each and every offshore drilling facility during well operations.

**4. Batch Drilling** - Referring to the draft report executive summary items 1.30, 1.31, 1.60, 1.61 and 1.62, and the findings and recommendations of sections 4.8, 4.28, 4.29 and 4.14.

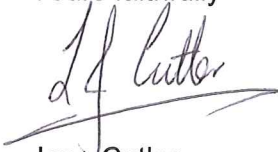
The author makes a large number of findings and recommendations based on a single unsubstantiated hypothesis; that the process of batch drilling, in itself, increases overall well construction risk. The author fails to acknowledge the potential risk reduction in "batch drilling" operations accruing from the acknowledged efficiency gains; for example risk reduction arising from reduced heavy tubular handling and reduced surface drilling fluid conditioning and management. Clearly, a diligently managed and executed batch drilling programme will pose less risk to personnel and the environment than the negligent construction of a single well.

A principal component of PTTEP's batch drilling programme was the Mud-line Suspension System (MLS). The author appears to have failed to comprehend how the system was being used. In 4.14 the author asserts that the 13-3/8 MLS and 9-5/8 PCCC were located below sea level. This erroneous assertion appears to be based on a belief that the MLS hanger was set at 28m below sea level. This is incorrect. The MLS is clearly stated as being set at 28mRT i.e. 28m below the West Atlas rotary table, some 9m above sea level. The author then compounds this error by suggesting that the corroded 13-3/8 threads were not visible to any personnel and that this purported lack of data triggered the catastrophic blowout. This fundamental error undermines the validity of the author's findings in the text references above, despite 23 years experience in undefined industry roles, and suggests that the author misunderstood the tieback process generally and the key Montara operations related to the running and retrieval of the PCCCs.

In summary, it appears that the author of the draft report adroitly intersperses facts determined by the Commissioner, with unsubstantiated opinions presented as findings or recommendations. These findings and recommendations do not withstand informed scrutiny and whilst NOPSA is unable to provide further comment in the time available, I respectfully suggest that the Commissioner may be better served by seeking advice from industry peak groups or other expert bodies.

Notwithstanding its many flaws, thank you again for the opportunity to review the WWF commissioned draft supplemental report, and please be assured of NOPSA's continuing cooperation and support in the Commission's endeavours.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Jane Cutler', with a long horizontal flourish extending to the right.

Jane Cutler  
Chief Executive Officer

9 June 2010