

22 December 2009

Mr David Borthwick, AO PSM
Commissioner
Montara Commission of Inquiry
GPO Box 2201
CANBERRA ACT 2601

Dear Commissioner,

APPEA Submission to the Montara Commission of Inquiry

The Australian Petroleum Production & Exploration Association Ltd (APPEA) is the peak national body representing Australia's exploration, development and production industry.

APPEA strongly supports the Commission of Inquiry into the Montara well leak. The Montara well leak was the first incident of its type in Australia in over 25 years. APPEA believes that the Commission of Inquiry is of critical importance as it will allow for a rigorous assessment of the events that led to this incident and assess the subsequent response.

Examining and commenting on the events that led up to this incident and the subsequent responses by all parties most appropriately rest with the Commission of Inquiry and those with the technical competence to make informed comments.

As APPEA was not directly involved in the events leading up to the incident or response to it, the Association is not in a position to comment on the Commission's Terms of Reference No. 1 through No. 7 or No. 9 and No. 10, particularly as they relate to:

- the circumstances and likely causes of the incident;
- the adequacy and effectiveness of the regulatory regime in this specific circumstance;
- the performance of any persons in carrying out their obligations in this specific circumstance;
- the adequacy and effectiveness of monitoring and enforcement in this specific circumstance;
- the adequacy of the response to the well leak by the operator;
- the adequacy of the regulatory obligations on the title holder and operator in this specific circumstance; or
- the environmental impacts and adequacy of monitoring plans in place.

APPEA comments will focus on the offshore petroleum industry's response to the uncontrolled release.



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Offshore Well Blowouts in Australia

APPEA understands that this is the first well blowout in offshore Australia since 1984. Since that time, the industry has drilled around one and a half thousand offshore wells. A summary of offshore well blowouts in Australia since 1965 is as follows, although depending on the findings of the Commission of Inquiry, their root cause and the events that led to them may be substantially different to the circumstances involved in the Montara release.¹

Offshore Well Blowouts in Australia

| <i>Date of Incident</i> | <i>Well Name</i> | <i>Region</i> |
|-------------------------|-------------------|---------------|
| 18/02/1965 | Barracouta No. 1. | Bass Strait |
| 24/08/1966 | Marlin B-1. | Bass Strait |
| 2/12/1968 | Marlin A7. | Bass Strait |
| 06/08/1969 | Petrel No. 1. | Timor Sea |
| 19/05/1971 | Marlin A4. | Bass Strait |
| 17/12/1984 | Flounder A1. | Bass Strait |
| 21/08/2009 | Montara H1. | Timor Sea |

General Regulatory Requirements

Part V, Division 1 of *Schedule of Specific Requirements as to Offshore Petroleum Exploration and Production* for the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGG Act), sets out very specific approval requirements for new exploration or development wells.²

As a result, APPEA understands that each well is custom designed to take account of the unique circumstances likely to be encountered in the reservoir including the type of oil, gas or condensate anticipated.

Emergency Response Plans and Oil Spill Contingency Planning

Well blowouts do occur. APPEA understands that worldwide, over 500 offshore well blow-outs have occurred in the past 50 years of offshore operations.³

As a result the industry is required to both prepare and test emergency plans. This ensures that prompt action is able to be taken quickly and seamlessly to ensure the safety of personnel and minimise any potential environmental impacts, in the event that a serious incident does occur.

¹ Swan, J.M, Neff, J. M & Young, P.C. 1994. *Environmental Implications of Offshore Oil and Gas Development in Australia: The Findings of an Independent Scientific Review*. ISBN 0 908277 17 2.

² Sections 501 to 515 of the *Schedule of Specific Requirements as to Offshore Petroleum Exploration and Production* for the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

³ SINTEF Offshore Well Blowout Database. The SINTEF database includes information on 544 offshore blowouts/well releases that have occurred world-wide since 1955 and overall exposure data from the US Gulf of Mexico, Outer Continental Shelf and the North Sea.

This action also includes planning and testing the cooperative arrangements in place between all relevant authorities to ensure that response and containment equipment is at the ready to be deployed as quickly as possible.

Each and every site is assessed for a scenario of hydrocarbon spill incidents. In developing contingency plans, marine experts assess a range of potential scenarios around ocean currents, temperatures and wind directions to ensure that adequate equipment is available to ensure a timely response.

This means that in some regions, a raft of response equipment is stored on or near the facility. In addition vast storages of response equipment located throughout Australia under the auspices of the Australian Marine Oil Spill Centre (AMOSOC) regional response bases in Geelong, Exmouth and Darwin provide additional immediate support to any spill.

The Offshore Petroleum Industry's response to the Uncontrolled Release

Elements of the offshore petroleum industry were utilised in providing both assistance and expertise to seal the Montara well leak as well as the provision of equipment and expertise to limit the potential for environmental damage resulting from escaping hydrocarbons.

APPEA understands that once the well leak began the operator of the Montara Wellhead Platform, PTTEP and a large number of drilling specialists, based in Australia and globally, discussed and considered:

- a range of options available to seal the leak;
- the containment response equipment available within the vicinity of the well;
- drilling equipment and support available within the vicinity of the well; and
- drilling and engineering professionals that could be tasked with providing specialist expertise.

APPEA also understands that overall the containment response and drilling operations involved over 300 people. This included 16 national response team personnel from AMSA, Australian States and New Zealand coordinating the spill response, while many more professionals and specialists were involved in assisting in the company's effort to intercept the well bore and contain the leak.

The Offshore Petroleum Industry's response to Minimise the Potential Impacts of the Uncontrolled Release

The National Plan to Combat Pollution of the Sea by Oil and Other Hazardous and Noxious Substances (The National Plan) provides the umbrella arrangements for oil spill contingency planning and response for Australia. The National Plan is managed by the Australian Maritime Safety Authority (AMSA) on behalf of the Federal, State and Northern Territory governments and the petroleum and shipping industries.

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The National Plan sets out arrangements for oil spill contingency and response activities and responsibilities, with divisions of responsibility between governments and industry for response to a spill.

As part of its contribution to the National Plan arrangements, companies engaged in the petroleum industry in Australia contribute substantial funds and resources to National Plan activities and the national spill response equipment stockpile through the AMOSC training and services programs, and the AMOSC equipment stockpile.

The Australian Marine Oil Spill Centre

AMOSC was established by the Australian petroleum industry in 1991, and represents a major commitment by the industry to safeguard the Australian coastline in the event of a major oil spill. AMOSC is financed by nine participating companies and other subscriber companies. These companies carry out the vast majority of the oil and gas production, offshore pipeline, terminal operations and tanker movements around the Australian coast.

AMOSC operates Australia's major oil spill response equipment stockpile on 24 hour stand-by for rapid response anywhere around the Australian coast. Currently these stockpiles are located in Geelong, Darwin, Exmouth and Brisbane.

The AMOSC training facility provides world-class training in the theory, planning and practical issues of oil spill response management for industry, government and other personnel, with approximately 250 to 400 participants undergoing AMOSC training each year.

In order to ensure that the best possible resources are applied to a spill response, company owned equipment is shared under a voluntary mutual aid arrangement and AMOSC resources, equipment and services are available to all interested parties.

Under the arrangements of the National Plan, APPEA understands that government and industry worked collaboratively since the well leak began to contain the extent of the spill and limit its environmental effects.

In working together, government and industry devoted significant resources including planes, ships and other vessels to contain the extent of the spill and limit its environmental effects. This response also involved experts in spill response from around Australia and included experts on seabirds and marine life to monitor the effects of the spill.

As part of this response, APPEA understands that aerial and water based surveillance of the region was undertaken daily. Trained observers, in addition to reporting information on the operational response to the leak, also reported any sightings of wildlife in the area.

The spill and Australia's oil and gas industry

Concluding Remarks

APPEA looks forward to examining in detail the Commission of Inquiry's findings and its identification of measures that may be recommended to minimise the risk of such an incident occurring again and other matters with implications for the industry more broadly.

We also see the Inquiry as providing an opportunity for important technical lessons to be learnt about the causes of the event that will be of assistance in a global context.

Should you wish to discuss any matters raised in this submission further, please contact Mr Mark McCallum, Deputy Chief Executive, Policy and External Relations on (02) 62670905.

Sincerely



NOEL MULLEN
DEPUTY CHIEF EXECUTIVE

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