

Danger in our Seas: the Unacceptable Risks of Oil Exploration and Production in the Great Australian Bight

**A Supplementary Submission into the Inquiry by the Australian
Senate Standing Committee on Environment and
Communications into Oil and Gas Production in the Great
Australian Bight**

October 2016

The Wilderness Society recognises that the Great Australian Bight is an Indigenous cultural domain and of enormous value to its Traditional Owners who retain living cultural, spiritual, social and economic connections to their homelands within the region on land and sea.



Terms of Reference to the Senate Inquiry

The Senate Standing Committee on Environment and Communications established an Inquiry into Oil and Gas Production in the Great Australian Bight on 22 February 2016. The Inquiry was re-adopted on 13 September 2016. The Committee will consider and report on the following:

The potential environmental, social and economic impacts of BP's planned exploratory oil drilling project, and any future oil or gas production in the Great Australian Bight, with particular reference to:

- a. *the effect of a potential drilling accident on marine and coastal ecosystems, including:*
 - i. *impacts on existing marine reserves within the Bight*
 - ii. *impacts on whale and other cetacean populations*
 - iii. *impacts on the marine environment*
- b. *social and economic impacts, including effects on tourism, commercial fishing activities and other regional industries*
- c. *current research and scientific knowledge*
- d. *the capacity, or lack thereof, of government or private interests to mitigate the effect of an oil spill*
- e. *any other related matters.*

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Executive Summary

The Wilderness Society thanks the Committee for the opportunity to provide a supplementary submission to this readopted Inquiry and asks that it be read in conjunction with our submission to the Committee's previous Inquiry into this matter.

The Great Australian Bight is an extraordinary ocean and coastal environment of global conservation significance. It is an important haven for whales, including the threatened southern right whale, and home to other marine wildlife such as the Australian sea lion, giant cuttlefish, dolphins, great white sharks and seabirds.

In the months since the previous Inquiry into Oil and Gas Exploration and Production in the Great Australian Bight, significant new information relevant to this Inquiry has been made public.

This information includes the publication of BP's worst-case oil spill modelling for proposed deepwater wells in the Great Australian Bight. This modelling demonstrates the catastrophic environmental, social and economic impacts an oil spill accident associated with deepwater drilling in this region could have and highlights the unacceptable risks this presents to the Australian community. Further, it demonstrates that the independent modelling commissioned by the Wilderness Society in 2015 and presented to the Committee's previous Inquiry was conservative in its assessment of these risks.

Further, the release of BP's proposed oil spill response plan effectively demonstrates how unprepared we would be to mitigate, clean up and manage the impacts of a large spill in the Great Australian Bight.

Community concern about, and increasingly, public opposition to oil and gas exploration and production in the region has also grown considerably since the Committee's previous Inquiry.

BP's decision to withdraw from its proposed exploration in the Great Australian Bight has provided temporary protection of the region's important environmental, social, cultural and economic values from the impacts and risks associated with oil and gas drilling. However, the Wilderness Society and many in the community remain deeply concerned by the prospect of future, equally risky, drilling proposals in other exploration permit areas in the Bight's deep, rough and remote waters.

We note also the complete inconsistency of any continued efforts to explore risky and high-cost new fossil fuel basins given the enormous threat posed by rapid, human-induced climate change and Australia's commitment to the Paris Climate Agreement which recently met the threshold for entry into force and will now do so on 4 November 2016.

The Wilderness Society considers that the case is now clear that the Great Australian Bight is not a safe or appropriate place for new oil and gas exploration or industrialisation.

Given the significant developments and new information made available to the Wilderness Society and the public over the past few months, the Wilderness Society has amended some of its previous recommendations to the Committee and now proposes two further, overarching recommendations as detailed below.

New recommendations:

1 - That the Committee acknowledge the events over the past several months and the information now available to the Australian community demonstrates that:

- (a) The risks associated with deepwater oil drilling the Great Australian Bight are unacceptable; and**
- (b) There is no clear social licence for deepwater oil drilling in the Great Australian Bight and there exists significant community concern and opposition to oil and gas exploration in the region.**

2 - That the Committee recommend to the Australian Parliament that oil and gas exploration and production be banned in the Great Australian Bight and that existing exploration permits in the region be rescinded due to the unacceptable environmental risk of exploration in these areas.

Additional Recommendations:

Our previous recommendations to the Committee were as follows:

1 – Acknowledge Ecological Values: That the Committee acknowledge the extraordinary and globally significant conservation values of the Great Australian Bight and the importance of the extensive terrestrial and marine protected areas throughout the region.

2 – Recommend Marine Reserves Clarified First: That the Committee recommend to the Australian Parliament that the management plans for the suspended Commonwealth Marine Reserves be completed.

3 – Recommend Research Done First: That the Committee recommend to the Australian Parliament that the Great Australian Bight Research Program be completed and its research findings made public.

4 – Acknowledge Social, Economic and Cultural Values: That the Committee acknowledge the important social, economic and cultural values associated with the Great Australian Bight.

5 – Acknowledge Non-Oil Spill Ecological Risks: That the Committee acknowledge that the non-oil spill risks of the oil development cycle are also high despite claims to the contrary.

6 – Acknowledge Oil Spill Ecological Risks: That the Committee acknowledge that catastrophic oil spills do occur, and that the consequences of these spills are severely ecologically damaging.

7 – Acknowledge High Oil Spill Risk in the Bight: That the Committee acknowledge that the physical conditions of the Great Australian Bight are significantly harsher than those involved with the Deepwater Horizon and Exxon Valdez spills.

8 – Acknowledge Legitimate Interest of Public: That the Committee acknowledge that plans to drill for oil in the Great Australian Bight are highly controversial and that given the potential scale of spill impacts seen elsewhere, the public has a legitimate interest in the regulatory approval processes used to assess these plans.

9 – Recommend that all Offshore Oil and Gas Development Proponents Disclose Key Information: That the Committee recommend to the Australian Parliament that oil and gas development proponents be required to publicly disclose all relevant risk assessment and impact mitigation materials as part of the approvals process.

10 – Recognise Independent Oil Spill Modelling: That the Committee recommend to the Australian

Parliament the independent oil spill modelling conducted by Dr Laurent Lebreton and acknowledge its credibility and conservativeness in light of oil spill modelling recently released by BP.

11 – Recommend Cumulative Impact Assessment: That the Committee recommend to the Australian Parliament that an independent and full cumulative impact assessment is undertaken of all potential oil and gas activities in the Great Australian Bight.

12 – Acknowledge Serious Climate Consequences: That the Committee acknowledge that opening up a new fossil fuel basin is directly inconsistent with Australia’s bipartisan commitment to the Paris Climate Change Agreement, both in terms of global emissions from the potential burning of the oil and via domestic emissions from potential gas flaring.

13 – Acknowledge Post-Paris Economics: That the Committee acknowledge that opening up a new fossil fuel basin is economically incongruent with the Post-Paris Climate Change Agreement world. According to the agreed 2°C global carbon budget, only 49% of known oil reserves in the OECD Pacific Region can be burnt and that Great Australian Bight oil would therefore fall far too high on the cost curve to justify extraction.

14 – Acknowledge Oil Spill Social and Economic Risks: That the Committee acknowledge that catastrophic oil spills do occur, and that the consequences of these spills are severely damaging on local economies and communities.

15 – Acknowledge High Oil Spill Risk in the Bight: That the Committee acknowledge that social and economic impacts of an oil spill in the Great Australian Bight are potentially extreme.

16 – Recommend End to Tax Breaks: That the Committee seek advice from Treasury on how much Petroleum Resources Rent Tax tax revenue is being lost as a result of frontier oil exploration tax breaks and recommend to the Australian Parliament that all tax breaks be removed.

17 – Acknowledge History of Mitigation Failure: That the Committee acknowledge that Deepwater Horizon clearly demonstrates that industry and government, even in the most developed of oil provinces, have been massively underprepared for an oil spill disaster.

18 – Acknowledge BP’s and Government’s Poor Capabilities: That the Committee acknowledge that based on all evidence provided, BP was poorly prepared to prevent, respond to and mitigate a well blowout and subsequent oil spill, and that Australian governments also have extremely limited labour, expertise and technology to respond to an oil spill disaster.

19 – Acknowledge BP’s Appalling Track Record: That the Committee acknowledge BP’s appalling environmental and risk management record and request the Australian Parliament to investigate the appropriateness of the original decision to award it exploration permits in the Great Australian Bight.

20 – Acknowledge NOPSEMA Process Severely Lacking: That the Committee acknowledge that the devolution of environmental decision-making powers to the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) is highly inappropriate, that the consultation to date has been poor and badly lacking in key information, that there is not the appropriate *Environmental Protection and Biodiversity Conservation Act 1999 (EPBC Act)* expertise within NOPSEMA, and that approval processes have wrongly proceeded without key studies being completed.

1. BP's release of drilling locations, oil spill modelling and proposed spill response strategies demonstrate extraordinary risks

In relation to BP's proposed exploration activities in the Great Australian Bight, significant new information has been made public since the Committee's original Inquiry into Offshore Oil and Gas Production in the Great Australian Bight.

In August 2016:

- BP submitted a new Environment Plan to the regulator, NOPSEMA, for a two-well subset of its original four-well proposed exploration drilling program (GAB Drilling Program Stromlo-1 and Whinham-1 Wells). The original Environment Plan was not withdrawn, however timelines for resubmission of that larger drilling program were extended.
- In relation to that new Environment Plan, BP published an "updated" Environment Plan Summary. BP also published the proposed locations for the two drilling sites. This was information the Wilderness Society had been requesting from BP for nearly two years (during its consultation process). The map published by BP to advise the proposed well sites did not include the boundaries of the Great Australian Bight Marine Reserve (GAB MR). Work undertaken by the Wilderness Society revealed that the proposed well locations were within the GAB MR.

In September 2016, during NOPSEMA's latest assessment process for the new Environment Plan and just days prior to the date by which NOPSEMA was expected to make its assessment decision, BP released two new documents:

- BP's purported 'worst credible case' oil spill modelling summary findings in a document entitled *BP GAB Exploration Drilling Program Stromlo-1 and Whinham-1 Fate and Effects Oil Spill Modelling Assumptions, Parameters and Results* (14 September 2016). The Wilderness Society had repeatedly requested BP to release detailed worst case oil spill modelling since January 2014. This document no longer appears on BP's website and is attached for the Committee's information (Attachment A).
- BP's *BP GAB Exploration Drilling Program Stromlo-1 and Whinham-1 Oil Spill Response Planning Strategic Overview* (9 September 2016), which outlined how BP planned to respond in the event of a well-blowout and spill arising from its exploration drilling in the Great Australian Bight. Again, this was information the Wilderness Society had repeatedly requested from BP during its consultation process. This document also no longer appears on BP's website and is attached for the Committee's information (Attachment B).

This new information clearly demonstrates the extreme risks associated with deepwater exploration drilling in the Great Australian Bight and confirms the unacceptable environmental, social and cultural risks of drilling in the region as outlined in the Wilderness Society's first submission to this Committee on this matter.

The Wilderness Society wishes to reiterate to the Committee that any oil spill in the Great Australian Bight, and in fact any of the unavoidable impacts and risks associated with oil and gas exploration activities (from seismic testing impacts to increased risks of vessel strikes on cetaceans) would damage the pristine marine values of the Great Australian Bight. Just recently, on 24 October 2016, research by the Great Australian Bight Research

Program scientists revealed that they had:

- identified at least 60 entirely new species from the seafloor in the depths of the Bight;
- found that little is known about the ecological systems that support the region's rich biodiversity; and
- determined that the lack of existing knowledge about the organisms living there limit our ability to predict, assess and monitor the potential environmental impacts of activities in the region.¹

1.1. BP's oil spill modelling

As of 1 October 2015, when BP first submitted its Environment Plan to NOPSEMA for approval, BP had still not released any spill modelling to stakeholders or the public. Given this, the Wilderness Society commissioned independent, expert oil spill modelling to provide a credible basis for a consideration of the likely impacts of a significant oil spill from BP's Great Australian Bight drilling area.

The Wilderness Society provided that report² to the Committee in its original submission to the Inquiry on this matter. It considered a "conservative worst case" spill duration of 87 days, based on the time it took BP to cap the Macondo well during the Deepwater Horizon spill disaster.³

When BP finally published the findings of its 'worst credible case' oil spill modelling, it clearly demonstrated that the oil spill modelling commissioned by the Wilderness Society was both credible and very conservative.

More importantly, it confirmed that an oil-well blowout in the Great Australian Bight could have catastrophic impacts on the marine and coastal environment and coastal communities and industries. Further, it confirmed that those impacts may not be limited to South Australia and that impacts could be significant and felt by any southern state of Australia.

BP's spill modelling shows (for a worst case spill and considering moderate impacts on coastlines):

- 97% chance of spill hitting Adelaide in April-May, 86% chance in winter, 58% in summer
- 100% chance of hitting Port Lincoln in April-May, 98% chance in winter, 91% in summer
- 100% chance of hitting Kangaroo Island in April-May, 95% chance in summer, 94% winter
- 97% of chance whales getting hit in Great Australian Bight Marine National Park in winter
- Apollo Bay and Wilsons Promontory (Vic) have a 91% chance of being hit by spill in April-May
- NSW coast has 41% chance of being impacted in winter
- Esperance (WA) has 64% chance of being hit in winter
- Tasmania has a 66% chance of being hit in April-May

It also shows that:

- The spill could hit Adelaide in 20 days
- The spill could hit Port Lincoln and Kangaroo Island in 15 days

¹ *The Daily Telegraph* 2016, 'New Species Found by Great Australian Bight Research Program', 25 October 2016 <<http://www.dailytelegraph.com.au/news/new-species-found-by-great-australian-bight-research-program/news-story/c94ec86847409e07dddbe7eb51a3bf9b>>

² Lebreton, L 2015, *Stochastic analysis of deep sea oil spill trajectories in the Great Australian Bight*, October 2015.

³ Note that this was intended to provide a conservative scenario, not the actual 'worst case' spill scenario of 149-158 days as estimated to stop oil flow by drilling a relief well – Lebreton, L 2015, *Stochastic analysis of deep sea oil spill trajectories in the Great Australian Bight*, October 2015, for further detail on scenarios modelled.

BP modelled a 149-day spill (the time it would take to drill a relief well to permanently stop a blowout), but even if BP could cap the well in the 35 days (not assured) it appears that such a spill would still have a very high chance of impacting Adelaide, Port Lincoln and Kangaroo Island.

It is also important to consider what BP's oil spill modelling does not show. BP's published results show only potential impacts on wildlife, not the far greater reaching potential impacts on fisheries. The published results are for oil concentrations that will harm coastline wildlife such as seals and sea lions (100 grams per square metre), which is 10 times the concentration that will impact marine life at sea (10g/m²).

BP's published results are also for 10,000 times the concentration that would require the closure of fisheries, based on the US standard of 0.01 g/m². The environmental, social and economic impacts of a spill forcing the closures of fisheries would spread further and faster and these results were not modelled in BP's report.

Another relevant concern regarding BP's oil spill modelling is that it withheld the assumed worst case flow rate for a well blowout in relation to the two proposed well sites. This is a critical piece of information for any oil spill modelling assessment, and determines how much oil might be discharged into the Great Australian Bight's marine ecosystems.

The assumed flow rate is also critical to enable stakeholders, relevant experts and the public to assess the adequacy of modelling. It is also needed to enable an informed assessment of the full potential impact of a worst-case oil spill from the Great Australian Bight - a critical factor in any assessment of the risk of the proposal to the Australian community. Such an assessment also needs to inform the mitigation measures that may be required to reduce that risk to acceptable levels or, whether or not they can technically be reduced to acceptable levels at all given current technologies, company practices or financial constraints.

It is the Wilderness Society's view that BP's oil spill modelling demonstrates the enormous and completely unacceptable impacts of an oil spill originating from drilling in the Great Australian Bight. It should be noted that a number of other Bight Basin exploration permit areas are even closer to Kangaroo Island and Adelaide than those held by BP.

It is our view that worst-case scenario oil spill modelling would be comparable for any deepwater offshore oil drilling activity by any company in the permit areas of the Great Australian Bight basin. This again highlights that the Great Australian Bight is an inappropriate area for risky deepwater exploration and production activities.

1.2. BP's oil spill response strategies

On release of its oil spill modelling summary, BP went to some effort to attempt to reiterate that the modelling results assumed no effective containment or recovery response, stating that, "In reality, a number of response measures would be deployed."⁴

⁴ *The Australian* 2016, 'Oil Spill in Bight 100pc certain to make landfall: BP Modelling', 17 September 2016
<<http://www.theaustralian.com.au/business/mining-energy/oil-spill-in-bight-100pc-certain-to-make-landfall-bhp-modelling/news-story/c67ad2211278bea0a038cb394601f4ba>>

This statement, however, only brings into focus the completely inadequate response measures proposed by BP in its *Oil Spill Response Planning Strategic Overview* document, which it published at the same time as its worst-case oil spill modelling findings.

It is the Wilderness Society's view that BP's response plan for an oil spill in the Great Australian Bight is woefully inadequate and only serves to further demonstrate the lack of preparedness and capacity to respond to an oil spill disaster in the Bight.

In the document, BP outlines a number of potential responses but does not say how or whether those responses can be implemented or funded, or under what circumstances they would be unable to be implemented.

Many of BP's statements within the document also point to broader spill response and containment problems that would be equally relevant to any drilling activity in the Great Australian Bight.

BP admits that physical containment strategies, recovery and burning would not provide "significant benefit" in containing an oil spill in the Great Australian Bight.

Both containment and recovery and in-situ controlled burning (ISB) have many operational constraints within GAB, principally due to weather and sea-state constraints, and are not expected to provide significant benefit.

Given the expected limited effectiveness, BP has planned to implement two strike teams [20 vessels with booms, skimmers and storage] by Day 11 ramping up the numbers as required. The limiting factors will be the weather/sea-state conditions and the vessels available through a Vessels of Opportunity (VoO) programme⁵. (p9)

BP appears to suggest that physical containment options won't even be properly attempted, and proposes to rely almost entirely on the chemical response of spraying highly toxic dispersants into the pristine waters of the Great Australian Bight. Yet, even BP admits its response times for use of surface dispersant applications are relevant only "unless specific considerations or conditions prevail".

The Great Australian Bight is one of the roughest bodies of water on the planet, with bigger waves and stronger winds than the Gulf of Mexico. The Southern Ocean winds are now stronger than at any other time in the past 1000 years because of climate change, according to ANU researchers.⁶

We also note that BP did not outline how many resources such as boats, aircraft and trained personnel are needed and where would they come from.

By way of example, the clean-up operations for BP's Gulf of Mexico disaster in 2010 used 6850 vessels, 117 aircraft and 46,000 personnel while 17,500 National Guard troops were deployed. The South Australian Oyster Growers Association told the previous Inquiry that South Australia and neighbouring states don't have that many vessels and that probably only 20 could operate safely in the waters where BP plans to drill.

BP's first two responses to preventing oiling of wildlife is to try to move wildlife, which in the Bight

⁵ Note that we are not aware of a Vessels of Opportunity program in Australia, although BP established such as program in the US after the Gulf of Mexico spill.

⁶ ABC Science 2014, 'Stronger Winds Chilling Australia's Rainfall', 12 May 2014
<<http://www.abc.net.au/science/articles/2014/05/12/4001608.htm>>

includes whales and great white sharks.

BP then suggests it could clean wildlife on up to a 1200-kilometre stretch of coastline with 122 people working from six mobile centres, roughly one centre for every 200km and one person for every 10km of coast. BP then says if that response was not adequate, it could train volunteers “just in time.” This is the only reference to personnel numbers in the document and there is no reference to how much the recruitment, deployment and training of response personnel would cost or who would pay for this.

It appears practically impossible for all of the serious constraints revealed in BP’s response plan to be feasibly overcome by any other oil companies in the Bight.

Further, it appears increasingly clear that in the case of a significant oil spill event, it is unlikely that any response would be capable of ensuring that unacceptable impacts on the lives and habitat of internationally important threatened species, cetaceans, migratory species, fisheries and other unique and endemic marine life in the Great Australian Bight would be prevented.

2. Growing community concern and opposition to oil and gas development in the Great Australian Bight

Sections 1.1 and 1.2 above outline the unacceptable risks oil and gas drilling in the Bight present to the community across southern Australia. This highlights the fact that the Great Australian Bight is a completely inappropriate area for risky deepwater exploration drilling and production activities - a view that has been increasingly stated by members of the coastal communities most at risk.

It is our view that had BP made its worst-case scenario oil spill modelling and spill response strategies public at the beginning of the required community consultation process, the unacceptable risks inherent in the proposal would have been obvious some two years ago. This could have avoided considerable stress for many thousands of people.

2.1. Lack of social licence in the community has been demonstrated

Community opposition to the fossil fuel industry’s push to expand into the pristine wilderness of the Great Australian Bight whale nursery has grown exponentially in recent times. As information about oil industry activities and the unacceptable risks associated with BP’s proposal slowly came to light, more and more people, communities, Councils and industry groups have raised serious concerns.

South Australian coastal Councils, including the tourism icons of Kangaroo Island, Victor Harbor, Yankalilla and Yorke Peninsula, have passed resolutions opposing BP’s proposed activities in the Bight. Many within the tourism and fishing sectors have spoken publicly and there has been continuous community protest across southern Australia, with events receiving international media coverage in Adelaide and Melbourne.

There is no social licence to allow the fossil fuel industry into the Great Australian Bight, the risks are considered too high.

2.2. Concern and risks not confined to BP's drilling proposal

It must be stressed that community opposition to the oil and gas industry's intent to expand into the Great Australian Bight is not confined to BP. There has now been ongoing community opposition to oil and gas exploration in coastal communities for many years, starting with the Kangaroo Island community's initial opposition to Bight Petroleum's seismic activity.

The pristine wilderness marine environment of the Bight is considered a completely inappropriate place for risky oil industry activity.

It is our view that acreage should never have been released in these deep, rough and remote waters known for their treacherous weather and wave conditions.

In addition, and although not properly considered at any stage of the regulatory process for releasing or awarding acreages, or assessing individual offshore exploration or production proposals, there are also very real and very serious concerns about the climate impacts of opening up new, high-cost, high-risk fossil fuel basins such as the Bight Basin.

At the climate conference (COP21) in December 2015, 195 countries, including Australia, adopted the Paris Climate Agreement, agreeing to hold global warming well below 2°C and to pursue efforts to keep warming to 1.5°C above pre-industrial levels. This important international agreement will enter into force on 4 November 2016.

In light of the agreement, new reserves cannot be exploited. In this context, opening up the Bight as a new major oil basin is entirely inconsistent with Australia's international climate mitigation policy commitments.

3. Serious concerns regarding the adequacy of the regulatory process and the regulator remain.

Serious concerns remain about the adequacy and appropriateness of the current regulatory framework for the regulation of offshore oil and gas development in Australia and the Great Australian Bight, as well as the transparency of processes for community input on specific proposals. Many of these issues have now been highlighted by the risky drilling projects proposed in the Bight.

Many of the Wilderness Society's specific concerns regarding the current regulatory process were detailed in our original submission to the Committee. However, a number of new issues have arisen since that submission and are detailed below.

3.1. Bolts

On 29 August 2016, the US offshore oil and gas regulator warned subsea oil drillers and equipment makers that

bolt failures in the Gulf of Mexico could result in an oil spill on the scale of the Deepwater Horizon disaster.⁷

It appears that bolts used on sea-floor oil drilling equipment have been failing for the past decade, with problems including premature corroding, stripping of threads or snapping outright. The bolts are used on safety equipment including blowout preventers, which are designed as a last defence against a major oil spill such as the Deepwater Horizon incident in the Gulf of Mexico.

The manufacturers have not been able to discover the cause of the problem, and the regulator, the Bureau of Safety and Environmental Enforcement (BSEE), has called on NASA, the US Coast Guard and 16 other agencies to try to help find the cause of the problem.

The BSEE considered this a serious issue and said it had contacted counterparts in other countries (such as NOPSEMA) to alert them to their concerns about the failures. In a statement on the BSEE's website, BSEE director Brian Salerno stated that his agency was 'moving as expeditiously as possible' to address the bolt problem:

*As the regulator of the U.S. Outer Continental Shelf oil and gas industry, BSEE has an obligation to make sure that offshore operators are conducting their activities in a manner that is as safe as possible. Currently, we believe safety is at risk due to bolt failures. Some corrective measures have already been taken, and we applaud those efforts, but we are still some distance from truly solving the bolt problem.*⁸

However, when these concerns were put to NOPSEMA in September, NOPSEMA only referenced a smaller batch of faulty bolts recalled years earlier, rather than the much broader issue of bolt failures from a range of manufacturers the subject of the BREE safety alert. An article on the Guardian news website noted that:

*The regulator couldn't point to any action it had taken to protect against potentially massive underwater oil spills caused by the bolt failures.*⁹

It is our concern that this may point to serious deficiencies with Australia's regulatory system for offshore oil and gas developments. It appears increasingly clear that the 'objectives based' approach of the regulatory framework may be contributing to a safety regime that fails to quickly and proactively address emerging safety concerns in favour of taking oil companies' word for it that safety measures are adequate.

In a follow-up article days later, Dr Bob Bea, of the University of California Berkeley's Center for Catastrophic Risk Management, agreed, confirming that the responses to concerns about potentially faulty equipment in offshore drilling planned for the Great Australian Bight by BP is an early warning sign of problems that could potentially lead to disasters. Dr Bea said the issue needed to be treated more seriously by NOPSEMA, BP, as well as its contractors.¹⁰

⁷ *Wall Street Journal* 2016, 'Failures of fasteners could result in oil spill on the scale of Deepwater Horizon disaster, officials say', 29 August 2016.

⁸ Brian Salerno 2016, Statement on BSEE website, 28 August 2016

<<https://www.bsee.gov/blog-post/directors-corner-talking-about-bolts>>

⁹ *The Guardian* 2016, 'Call to halt Great Australian Bight oil drilling amid faulty equipment fears', 11 September 2016

<<https://www.theguardian.com/environment/2016/sep/12/call-to-halt-great-australian-bight-oil-drilling-amid-faulty-equipment-fears>>

¹⁰ *The Guardian* 2016, 'Oil disaster investigator alarmed by BP Great Australian Bight response', 15 September 2016

<<https://www.theguardian.com/environment/2016/sep/16/oil-disaster-investigator-alarmed-by-bp-great-australian-bight-response>>

3.2. Questions regarding BP's safety case

Although BP announced its withdrawal from its proposed drilling program in the Bight prior to NOPSEMA's assessment decision on its latest Environment Plan, we understand that NOPSEMA had already approved BP's Safety Case and Well Operations Management Plan (WOMP). Neither BP's safety case or WOMP were published.

NOPSEMA's approval of BP's Safety Case is of particular concern given the bolt failure issues described above. It is also unclear how NOPSEMA approved the Safety Case, and in doing so satisfied itself that risks were managed to As Low As Reasonably Practical (ALARP) in the absence of full worst-case oil spill modelling. BP only published this in September.

In his submission to this Inquiry, Dr Bob Bea has raised even more specific and serious concerns that in his expert opinion BP's proposal was not 'safe enough' and did not meet ALARP requirements. This raises the question whether NOPSEMA should have approved BP's safety case at all.

The Wilderness Society does not understand on what basis the Safety Case was approved or on what conditions or assumptions it was approved. It is also unknown whether NOPSEMA considered the full potential impact of a worst credible case oil spill (and the costs associated with it) in approving BP's safety case or whether NOPSEMA ever fully considers the worst credible case impact/cost in assessing the safety of other offshore oil and gas projects.

The Wilderness Society considers this an important issue for the Committee to examine to determine whether an improved assessment framework is required for offshore oil and gas development safety cases and whether they should be undertaken with additional peer review by independent external experts.

3.3. Lack of transparency

Over the past two years, the Wilderness Society has consistently sought to openly and constructively engage with both NOPSEMA and BP regarding our concerns about the inadequate consultation undertaken by BP in relation to its proposed exploration activities in the Bight and the inadequate transparency of NOPSEMA's regulatory processes.

We recognise that both NOPSEMA and the Department of Industry, Innovation and Science have, to some degree, acknowledged the need to improve the transparency and consultation requirements and processes of the regulator and its regulations. However, it is our view that significant changes are required to ensure that principles of transparency and public engagement in the regulation of offshore oil and gas developments are properly embedded in the regulatory requirements and complied with.

It appears that there still exists a real risk that these principles are not appropriately recognised as fundamental principles within the regulatory framework.

Many of the Wilderness Society's concerns regarding transparency and the operation of NOSPEMA and its regulations have been detailed in our submission to the previous Inquiry on this matter. These concerns still stand. We would however like to raise a number of additional questions and concerns that we consider both this Committee, NOPSEMA and the Government should address based on the new information made available over the past several months.

1. Why did BP finally, after receiving consistent requests for this information via consultation processes, release its worst-credible-case oil spill modelling findings and oil spill response strategy only at the eleventh hour of the assessment of its latest Environment Plan? Why was this produced during assessment rather than during those consultations?
2. How could BP, or any other oil and gas proponent, appropriately identify key stakeholders and relevant persons (for consultation purposes) in the absence of this worst-credible-case oil spill modelling? How could any member of the community properly self-identify as having interests potentially impacted by a proposed offshore oil or gas activity without this information? It appears that proponents are not making this assessment based on appropriate information, or providing the necessary information to the public to enable the community to form an opinion of whether or not they are meeting their consultation obligations.
3. Why couldn't our regulator require BP to publish this fundamental information to the public earlier? It is our view that if this information had been released to the public and stakeholders earlier, it may have become clear much more quickly that this proposal presented unacceptable risks and was not an appropriate development in the region. This outcome would have been better for the company, in terms of money and time spent, and much better for members of the community who have been extremely concerned about the proposal for years.
4. Why is it that a sophisticated international oil company thought it appropriate to publish an oil spill response plan so lacking in detail and any serious consideration of the limited range of options available to it to respond to or mitigate a spill in the Great Australian Bight? We note that the spill response plan BP eventually released to the public comprised just 15 pages, as contrasted with examples from proponents in the Arctic, such as Shell, whose published spill response plan included over 400 pages of specific detail.
5. The approach of BP to obtain approval of its Great Australian Bight exploration drilling Environment Plan appears to demonstrate that the regulations' 'objective-based framework' is not assuring the 'best practice' proposals it purports to deliver. It was our understanding that this 'objective-based' framework was intended to enable industry to beat, rather than simply meet, prescriptive baseline regulatory requirements - based it seems on an assumption that industry was (a) in the best position to propose best practice and (b) given the opportunity to do so, that it would. It is our view, that BP's 'iterative process' with the regulator and the modification and resubmission of its Environment Plans suggests that BP was in fact 'low-balling' as it sought to try to establish the minimum environmental management and performance standards for the project that it could get away with.
6. The significant potential impacts demonstrated by BP's release of worst-case oil spill modelling demonstrate the need for much improved transparency regarding how financial assurances are calculated and transparently communicated to the public considering the risks of an approved project. This is not a transparent process at present and it is entirely unclear whether financial

assurances are made based on the true worst credible case impacts of a well blowout.

7. It appears that NOPSEMA and the Department have responded to the acknowledged concerns about consultation and transparency by contracting the industry peak body, APPEA, to draft new consultation guidelines for the regulator. The Wilderness Society considers this to be entirely inappropriate and notes that not only is APPEA behind on agreed timelines to undertake this work for its industry's regulator, but also that APPEA has not consulted the Wilderness Society at any stage in developing these consultation guidelines. The Wilderness Society does not understand why NOPSEMA and/or the Department are not sufficiently resourced or experienced to undertake this work and considers NOPSEMA's outsourcing of such important guidelines to the peak body of the industry it is supposed to be regulating completely unacceptable.

The Wilderness Society has two other fundamental concerns about the regulatory process for the approval of offshore oil and gas.

The first is a concern that many of these problems with the regulatory process may not have come to light without dedicated engagement in BP's Environment Plan consultation and assessment process on the part of NGOs such as the Wilderness Society and concerned community members. It is our view that the Committee should acknowledge this important role played by environmental groups and civil society.

The second is a concern that the worst-credible-case oil spill modelling released by BP, and the clearly unacceptable risk that it demonstrated oil drilling in the Great Australian Bight would impose on the community, raises real questions as to why, and on what assessment, these exploration acreages were released and exploration permits awarded in the first place.

The release of BP's oil spill modelling reasonably suggests that any deepwater oil drilling in this basin will present unacceptable risks and ones that appear highly unlikely to be able to be sufficiently mitigated without making proposals so clearly high cost as to be economically unviable.

3.4. Lack of consultation to date by any other oil companies with interests in the Bight

The Wilderness Society notes that it has not been consulted by any other companies regarding exploration drilling proposals within other exploration permit areas in the Great Australian Bight.

4. Conclusion

In summary, it is clear that the issues described in this Submission have arisen in response to proposals to commence deep-water drilling on the edge of the continental shelf in the Great Australian Bight and should guide the thinking of the Committee.

It is demonstrably clear that the Bight contains an outstanding array of environmental values that are worthy of conservation protection. The results of the \$20 million environmental research program have both

confirmed the known and previously described values of this pristine marine environment and have further revealed a dazzling array of features and values that until now have been unknown to science and the Australian community.

It is also undeniable that deep-water oil drilling is by definition a risky and dangerous undertaking which requires the application of technologies that are at the very edge of technical capacity. Information that has come to light since this Inquiry commenced regarding the unexplained deterioration of sub-sea bolts and the deep concern this has triggered amongst US regulators again highlights the enormous environmental pressures that are placed on machinery when operating several kilometres below sea level.

It is clear from new information published by BP since the commencement of this Inquiry that if an accident does happen the environmental impacts for the Great Australian Bight and for impacted communities across southern Australia would be catastrophic.

Furthermore, it is clear that additional information provided by BP demonstrates desultory capacity or planning in place to respond to an accident. The absence of well-developed and proven risk management and accident response plans is inexcusable in an era in which risk planning is considered to be the cornerstone of all business development.

It is also clear that significant questions remain about the adequacy of the existing regulatory environment governing the environment assessment and approval of offshore drilling in Australian Government waters. There are now serious questions being raised by international experts that should make us all wonder whether this regulatory system even vaguely resembles best practice or is in the national interest.

The subsea bolt safety issue highlights a regulatory environment that is non responsive to new information and secretive in the way in which it manages risk and safety issues. It is little wonder that deep disquiet has built across the potentially impacted communities of southern Australia when so little information is being provided by the developer and when so much of the regulatory process is conducted behind closed doors and out of the public eye.

It also remains important to recognise that with the Paris Climate Agreement now guaranteed to come into force, the opening of a new fossil fuel province in an era when all nations must be transitioning rapidly away from fossil fuels and where existing fields and proven reserves already exceed the known global carbon budget remaining to keep the warming below 2 degrees Celsius simply makes no sense.

On the basis of all these considerations, we reiterate our primary recommendation that the Commonwealth Government should reject outright all oil and gas development in the Great Australian Bight and instead protect the region from all future oil and gas development.