

Senate Inquiry into Oil and Gas Exploration in the Great Australian Bight

Kangaroo Island Council's (Council) position on the Oil and Gas Industry's right to explore and extract resources from the Great Australian Bight has always been a conservative stand but never in opposition. It has held a consistent position which demands a wholesale requirement by the industry to reach the highest possible levels of safety and security for the people of South Australia. So far, these demands have not been met by what should have been the world's best company (BP), by lessons learned alone, to have conducted exploratory drilling in the GAB.

Council determined as far back as early 2011, through local knowledge of our region and expert advice, concerning the inherent risks associated with any form of exploratory drilling in the southern ocean. The view that any form of exploration would be detrimental to the emerging global image of Kangaroo Island as a visitor destination was a secondary but increasingly important reason.

The following resolution was passed in February 2011 at a General Meeting of Council in relation to the initial Lightning 3D surveys scheduled to be undertaken in that year:

"That Council requests KI resident Dr Margi Prideaux provide a further briefing to Council for consideration at the next meeting covering the scope, size and consultation process for an appropriate submission including arrangements under which a submission would be developed and a clear flow diagram of the timelines and ongoing implications for Council in entering EPBC processes."

In May 2012 Council wrote to the Minister for Environment, NOPSEMA and Bight Petroleum outlining our concerns over the prospect of exploration in the GAB and passed the following set of resolutions:

"Council resolve to write to:

1. Minister Burke
 2. Ms Jane Cutler, National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA)
 3. Chief Operating Officer Bight Petroleum
- expressing our concerns and delivering our submission covering the proposal by Bight Petroleum to acquire seismic survey in the area EPP41 & EPP42 in the Eastern Bight Basin.

and

Council write to Minister Burke highlighting three core requests:

1. Council urge you to use the current process of *Marine Bioregional Planning* and the *National Representative System of Marine Protected Areas* and consider declaring the Kangaroo Island Pool, Kangaroo Island Canyons and Eyre Peninsula Upwellings a [protected area that excludes all offshore petroleum activities]; with a delayed declaration over the existing Permit blocks EPP41 and EPP42 to come into force at the end of Bight Petroleum's lease.
2. Council urge you to communicate your concerns about the risks of petroleum activities to Minister Ferguson and NOPSEMA; and
3. When EPBC Act Referral documentation is presented to the EPBC Unit, Council urge you to consider assessing the proposal as a 'Controlled Action', with further robust, independent and transparent assessment required through a Public Environment Report and that the next level of information required from Bight Petroleum must publically detail:
 - a. a programme of baseline data gathering and transparent communication, assessing the impact of activities for the proposed window of seismic exploration;
 - b. full, independent and transparent monitoring of all at-sea activities;
 - c. a transparent process for regular public reporting of activity progress and all impacts encountered;
 - d. a commitment to producing a Public Environment Report."

Council would like to think that its self-funded efforts to thwart Bight Petroleum from conducting intrusive 3D surveys affecting migration of cetaceans in the upwellings of the GAB resulted in EPBC/NOPSEMA imposing 2 "controlled actions" on the company as a measure of compliance on their activities.

This action by Council was instrumental in drawing attention to the lack of safety standards being exhibited by exploration companies and set the scene for a much larger effort to ensure the safety bar was lifted for all exploration activities in the GAB.

Council's further investigation following an analysis of oil spills by the Industry, some of which received little publicity, also considered that the opening up of new marine real estate for the purposes of oil production was overwhelmingly problematic from even the most conservative of risk levels.

Council furthermore agreed that it did not consider the multibillion-dollar tourism, fisheries and aquaculture industries in SA, Victoria and Tasmania should be put at risk for the meager potential economic gains from an industry that is fast becoming a dinosaur for future energy resources to supplement world consumption.

Council also considered the following points at an Informal gathering in 2015 which continue to give rise to its position on exploratory drilling in the GAB:

1. Currently, there is no level of risk capable of realistically including the oil/gas drilling plans for the Great Australian Bight, it is uncharted territory using unproven technology by companies and contractors that can and have abrogated their responsibility to Australia and the global community in the past.
2. NOPSEMA cannot regulate what it does not understand and despite the expert advice it receives, as a select board, and one that is treated with some suspicion by some for its adherence to a far right Liberal Government ideology, this places the authority in a precarious position should judgment, at an international and/or local level on personal liability be forthcoming in the near future.
3. The oil spill scenarios provided by BP in early 2016 which were at variance with previous studies over the life of the EP provided very little comfort to the SA community. While it is acknowledged that NOPSEMA challenged BP every step of the way, it is unclear from the resulting withdrawal of BP from the project recently that it was despite NOPSEMA's regulatory adherence and merely a calculated and strategic withdrawal by BP to further mitigate its disastrous loss of Market Capitalization.
4. NOPSEMA failed to challenge more thoroughly, BP's acute variation of a 1-60% chance of spill reaching the coast from a previous 9-21% chance at an earlier submission. This guesswork does little to provide confidence in the process.
5. There was little information provided concerning the mobilization of a suitable well-cap to attend a future oil spill, presumed to be 6-8 weeks away in Singapore. While such a device has never been fitted at these depths and in the potentially treacherous waters of the Bight (compared with the Gulf of Mexico) how and under which modeling has NOPSEMA agreed to this fundamental risk. Moreover, has NOPSEMA insisted, as President Obama did with Shell Oil's dalliance in the Arctic Waters, that a well-cap be housed insitu near the exploration leases.

6. Did NOPSEMA consider, while BP took responsibility for the disaster in the Gulf of Mexico, the part contractors played and would continue to play in the GAB with companies currently much less risk averse than BP. The National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling released a final report on 5 January 2011. The panel found that BP, Halliburton, and Transocean had attempted to work more cheaply and thus helped to trigger the explosion and ensuing leakage. The report stated that "whether purposeful or not, many of the decisions that BP, Halliburton, and Transocean made that increased the risk of the Macondo blowout clearly saved those companies significant time (and money). The study concluded that "notwithstanding the inherent risks, the accident of April 20 was avoidable" and that "it resulted from clear mistakes made in the first instance by BP, Halliburton and Transocean, and by government officials who, relying too much on industry's assertions of the safety of their operations, failed to create and apply a program of regulatory oversight that would have properly minimized the risk of deepwater drilling. The panel also noted that the government regulators did not have sufficient knowledge or authority to notice these cost-cutting decisions.

7. As further background the South Australian Oyster Industry (SAOGA) is the second most valuable aquaculture sector in terms of farm-gate sales value. The most recent economic assessment (2012-2013) shows the South Australian oyster industry has a farm-gate value of \$35.3 million that is directly contributed to the state's economy. Downstream activities directly associated with the oyster industry (i.e. processing, transport, retail) equated to \$68.3 million and the flow-on to other sectors a further \$145.6 million, contributed to the SA economy from the oyster industry. The South Australian oyster industry directly employs 254 FTE in regional areas, and a further 433 FTE in downstream activities. The flow-on business activity generates a further 553 FTE.

8. When first consulted by BP about their intentions to undertake exploratory drilling in the deep waters of the GAB, SAOGA, in keeping with the KI Council's stand, made its position very clear "SAOGA understands that natural resources need to be shared and was willing to work with BP as long as BP adopted available safety measures to

minimize the risks to the ecosystem and other industries that sustainably utilize and rely on the pristine environment of the area". SAOGA is obviously very focused on BP's safety record, its ability to minimize and control risks as well as their ability and local capacity to respond to accidents. BP's role in the multiple failures that lead to the worlds' worst oil spill ever is well established. The well blow-out from BP's exploratory drilling in the deep waters of the Gulf of Mexico in 2010 is a disaster that local industries including oysters have not and most likely will never recover.

The KI Council sees little difference in its former cautionary position against BP as to any other exploration company and agrees with, and has adopted SAOGA's main issues which were previously submitted and are as follows:

1. The NOPSEMA structure provides no government authority to direct the applicant to provide information requested to interested parties. All responses from NOPSEMA are "you need to ask BP".(read exploration companies)
2. Based on BP's revised modeling it has advised that if a blow-out occurred there is a 1-60% chance of contact with the shoreline of Eyre Peninsula and it would take the oil 26 to 45 days. In a previous report provided by BP this was a 9-21% chance taking 23-40days. Modeling by independent NZ oceanography group has 100% likelihood of shoreline contact to the major oyster growing areas in as little as 10 days. To understand how accurate BP's conclusions are, and why they vary so much we need to know the inputs for the model, which BP will not disclose. We therefore cannot accept the accuracy of the information provided by BP. None of the modeling
3. The rig to be used in the GAB has been built specifically for this location as no oil exploration has ever occurred in waters as deep and as rough as the GAB. Realistically this rig is being used as a "prototype" and the GAB as a trial location.
4. The rig will not be anchored to the sea floor; it will only be connected by the drill pipe and is held in position by thrusters. The ability of these thrusters to hold the rig in position with the sea conditions that occur in the GAB will not be tested until the drilling is actually underway. Nor is it known what impact rig movement from wind, wave and swell exposure has on the integrity of the drill pipe.
5. It took 87 days to cap the spill in the Gulf of Mexico, capping is the temporary response and it took more than 150 days to drill the second hole, the relief well, to permanently stop the oil spill. Through the 87 days it took to

temporarily cap the well, 780million litres of oil had spilled and polluted the Gulf of Mexico. The coast of South Australia is one of the most pristine environments in the world and the South Australia's Seafood industries unique point of difference on the world stage. The United States government recognized the importance of the Arctic environment and advised Shell that for their application to drill to be approved they required the capping device to be located on the drilling permit site. The oyster industry expects the same for BP in the GAB.

6. In the Gulf of Mexico more than 6,500 boats were used in the containment and cleanup phase, plus BP had access to significant resources of the well-established oil industry operating in the adjacent shallow areas. South Australia and its neighboring states firstly would not have that number of boats and secondly, based on the depth of the ocean and distance to the drilling site there are very few vessels (at best around 20) that can operate safely in the area. In addition based on BP's lack of consideration of SAOGA's safety requests the oyster industry's primary focus will be on protecting their stock and assets as these are not considered a priority by the polluter, the same view would be expected from all seafood industries.
7. Through field visits while preparing 'Tactical Response Plans' for BP, personnel from the Australian Marine Oil Spill Centre (AMOSC) have commented that the booms used to protect coastal areas from the oil will not work in our relatively exposed waters because of the size of the waves. BP has not provided an alternate solution.
8. It is our understanding that BP has had to provide the Australian government with proof of their financial ability to pay for all cleanup costs and they have met this requirement. BP have not provided information on their ability or legal obligation to pay compensation to affected industries and individual's livelihood especially through the period until settlement is negotiated through the courts. SAOGA expects the South Australian / Australian government to mandate the rules around compensation including the period until settlement before any drilling occurs in the GAB. SAOGA's current position on working with BP was dependent on BP adopting available safety measures to minimize risk. Based on the lack of safety measures being put in place by BP and the lack of information and so many un answered questions SAOGA has no choice but to not support BP drilling in the GAB. BP is required to provide the requested information and how response strategies and priorities are aligned to potential impacts to the ecosystem and other stakeholders that sustainably utilize it and that drilling does not occur in the GAB until the risks are appropriately mitigated. The Southern Coast of Australia and its marine life is too important to not protect to the best of our ability, not only for our prosperity but for future generations to enjoy and be proud of.

Council supported these issues as requested by SAOGA to help ensure the NOPSEMA process was transparent and accountable to all parties.

Mayor Peter Clements, Kangaroo Island Council