

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Resources, Energy and Tourism Portfolio
Budget Estimates
19 October 2011

Question: SR2

Topic: Implementation of the Recommendations from the Montara Commission of Inquiry

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Senator Siewert asked:

Senator SIEWERT: I would like to ask about the implementation of the recommendations of the Montara commission of inquiry that the government accepted. They have been through the process. There are a whole lot of recommendations here that are the responsibility of various agencies. Which of those have you picked up as NOPSA, which ones have been progressed and which ones will you be picking up in the future?

Ms Cutler: There are a range of recommendations of the Montara commission of inquiry that were accepted in the whole-of-government response. They fall into a number of buckets. There are some to do with policy and regulatory development matters which fall to the department. There are some that apply to NOPSA and there are some that will apply to NOPSEMA in the future. There are some that apply to industry to be pursued on their own and some to be pursued in conjunction or consultation with NOPSA. I can talk to two buckets. We have had a number of conversations with APPEA around establishing a working group or committee of some of their members to jointly progress those that fall to us to progress. They are largely around better practice or improved practices in drilling operations. That work will leverage very strongly some of the international work that has been done in Europe to improve practices within the drilling community. There is a series of actions that fall to NOPSA, as it stands. I am due to report back to the minister towards the end of the year as to the status. They have all been commenced, but there are 105 recommendations, so I cannot number them and say which ones are progressed and are at what status. But all the ones that have fallen to us have been progressed. I can take the question on notice and provide a written response.

Senator SIEWERT: That would be appreciated, if you could against each of the recommendations.

Ms Cutler: That fall to NOPSA.

Senator SIEWERT: That fall to NOPSA, yes. And then, obviously, in February I will be asking you about the NOPSEMA ones.

Answer:

The following provides information on the short and medium term actions the National Offshore Petroleum Safety Authority (NOPSA) has taken, and is taking, arising from its review of the Report of the Montara Commission of Inquiry and the Final Government Response to that Report.

NOPSA is aware that the Department of Resources, Energy and Tourism (RET) will be leading a Montara Report Implementation Plan including a Legislative Review under a Better Regulation Ministerial Partnership. While NOPSA will be a contributing party to that Plan, it was considered that NOPSA could and should act now on a number of the recommendations within the report.

To this end, NOPSA selected for review those recommendations and the associated Government responses which related to:

- (i) Offshore Safety or Well Integrity Regulatory Regime;
- (ii) Role of the Regulator, or
- (iii) Industry and Regulator giving consideration to specified initiatives.

Recommendations which either, (i) do not relate to the above categories, or (ii) have not been 'accepted' by the Government in its Response, have not been addressed by NOPSA. (Matters relating to environment regulation will be reviewed once National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) has been created. At this time NOPSA is focused on ensuring it is in the best position to meet its environmental functions and obligations from 1 January 2012.)

There were 68 recommendations (of a total of 105) that met the above criteria and were considered appropriate for NOPSA to pursue at this time. In most cases the proposed actions are either inter-related or similar, and have therefore been grouped into 17 action categories.

Status: The following shows the status summary of those actions:

Responsible party	Action categories	Status
NOPSA sole implementation	10	6 Completed
		4 In hand
NOPSA supporting RET	6	2 Completed
		4 In hand
NOPSA working with the Australian Petroleum Production and Exploration Association (APPEA)	1	1 In hand

A description of the 17 action categories and the Recommendations from the Montara Report to which they relate, are included in the table attached (**Attachment A**).

National Offshore Petroleum Safety Authority

Summary of NOPSA Actions against the relevant Montara Report Recommendations

ATTACHMENT A

Action #	NOPSA Action Category Description	Target/Status	Relevant Recommendations
1.	<p>Communicate to titleholders in industry workshops and individually of its intention to place focus on the Well Operations Management Plan (WOMP) as the key approval document.</p> <p>[Note: NOPSAs found that industry and regulators have not historically treated the WOMP as the primary framework document and NOPSAs has therefore focused early on communicating the purpose and requirements of the WOMP.]</p>	Completed. April 2011	<p>2,3,5,10</p> <p><i>WOMPs to continue to be primary framework document.</i></p>
2.	<p>Facilitate a Workshop with APPEA to address:</p> <ul style="list-style-type: none"> – WOMP content requirements – approach to auditing systems for design and ongoing well integrity. – use of best practice well integrity standards – reporting requirements 	Completed. 22 Aug 2011	<p>2,3,5,6,7,10,12,19,22</p> <p><i>WOMP to be comprehensive and freestanding</i></p>
3.	<p>Work with RET during 2011/12 on a comprehensive review of the Well Regulations. NOPSAs will seek to ensure that review addresses:</p> <ul style="list-style-type: none"> – the ambiguity of Good Oilfield Practice and at least supplementing the criteria with the ‘reduction of OHS risks to ALARP’. – the requirement for the WOMP to include: <ul style="list-style-type: none"> • verification of barrier integrity. • the description of the auditing of well design and maintenance of well integrity and audit systems generally. • on-going risk assessment. • description of titleholder’s SMS. 	In progress – target completion May 2012	<p>2,3,4,5,6,7,9,10,14,19,20,21,23,25,26,27,28,39,40,41,42,43,49,50,51,52,53,54,60,61,62,63,64,67,68,71</p> <p><i>Systems and procedures to be followed in undertaking drilling operations should be set out fully in a ... WOMP.</i></p> <p><i>‘Good Oilfield Practice’ has left regulators with an ambiguous standard to rely on when assessing applications submitted by operators</i></p>

Action #	NOPSA Action Category Description	Target/Status	Relevant Recommendations
	<ul style="list-style-type: none"> • competency requirements. – specific reporting requirements for well integrity incidents. – the requirement for the WOMP to show how the well hazard risks are reduced to ALARP. – the level of penalty provisions within the Act and the Well Regulations. 		
4.	Provide RET with an alternative framework for a stronger wells regulation approach, placing greater focus on the WOMP.	Completed. (Suggested framework for new regs provided to RET in Aug 2010)	2 <i>WOMPs to continue to be primary framework document.</i>
5.	<p>NOPSA increased its focus on:</p> <ul style="list-style-type: none"> – <i>Command and control arrangements</i>: specifically including communication between the titleholder’s and operator’s representatives onboard drilling rigs. – <i>Simultaneous operations</i>: specifically including safety-related interface arrangements between titleholders and operators <p>during safety case assessments and through its inspection of drilling rigs.</p>	Completed. (Incorporated with Annual Plan for 2010/11)	52 <i>Well control should be regarded as a so-called SIMOP to signify its importance to both licensees and rig operators.</i>
6.	Following from the focus areas of <i>Command and Control</i> and <i>SIMOPS</i> – NOPSA is focusing on <i>Competency Standards</i> during 2011/12.	Implemented & In progress (Included in Inspection Program within 2011/12 Annual Plan)	57,58,59,60,61,62 <i>Parties should assess and document the knowledge and skills of relevant personnel.</i>

Action #	NOPSA Action Category Description	Target/Status	Relevant Recommendations
7.	Work with RET to amend the existing Well Regs to make it clear that well activity applications and decisions will be in writing.	Completed. (Amendment included in the OPGGS (RM&A) Regs 2011)	69 <i>Written applications & approvals</i>
8.	Provide an Interim Guideline to Industry reflecting the new administrative arrangements and based on existing Department of Resources, Energy & Tourism guidance material.	Completed April 2011. (See 'For Titleholders' section on NOPSA web site)	3,5,10 <i>Guideline on WOMP Contents</i>
9.	Provide further guideline documents setting out the basis of its assessment of WOMP submissions subsequent to the proposed WOMP workshop.	In Progress - Draft to be available for Titleholders by Dec 2011	3,5,12 <i>Guideline on WOMP Contents</i>
10.	<p>Work with the APPEA Drilling Committee to consider:</p> <ul style="list-style-type: none"> – Best Practice/Minimum well control standards. [4] – use of 'hold points' in the event of a change of circumstances [9] – licensee/operator consultation and 'joint certification' [13] – the development of standards to address the assurance of the integrity of cement barriers [31] – the requirement for training programs and their currency [58] – functional line accountability for well control up to and including the CEO [63] – the development of performance agreements which place emphasis on process safety culture and the maintenance of well integrity [65] <p>* number in brackets is the first relevant recommendation in each case.</p>	In Progress - First meeting held in Oct 2011 – ongoing meetings programmed	4,9,13,16,17,18,24,29,30,31,32,33,34,35,47,51,52,53,54,58,59,60,61,62,63, 65 <i>Industry Initiatives</i> <i>Industry Standards</i> <i>Protocols for Licensee and Operator consultation</i>

Action #	NOPSA Action Category Description	Target/Status	Relevant Recommendations
11.	Since the amendment of the OPGGSA in Nov. 2010 (to clarify the titleholders' duty of care in respect to well integrity), NOPSA has completed a number of inspections of the titleholder operations.	Implemented & in progress. (Ongoing program of inspections is included in the 2011/12 Annual Plan)	66 <i>Support for Government's reform measures</i>
12.	Post the implementation of the OPGGS (Resource Management & Administration) Regulations 2011, NOPSA has extended its inspections to include compliance with the well regulations.	Implemented & in progress. (Ongoing program of inspections is included in the 2011/12 Annual Plan)	66 <i>Support for Government's reform measures</i>
13.	NOPSA has received assurance from RET that it will amend Schedule 3 of the OPGGSA so that Prohibition Notices can be issued in a broader range of circumstances.	In Progress – Target completion March 2012. (RET has advised NOPSA that the necessary amendments are scheduled for the 2012 Autumn sitting of the Parliament)	72 <i>Extension of NOPSA powers to issue Prohibition Notices.</i>
14.	NOPSA has effected the transition to the administrator of the Well Regulations from 29 April 2011 (replacing the DAs).	Completed.	73,74,75 <i>National Regulator</i> <i>Administration of Well Integrity</i>
15.	NOPSA tracking in line with Transition Plan to operate as NOPSEMA from 1 January 2012.	In progress – Target completion 1 Jan 2012.	73,74 <i>National Regulator</i>

Action #	NOPSA Action Category Description	Target/Status	Relevant Recommendations
16.	<p>NOPSA notes that Minister has requested the 2011 Independent Review¹ of NOPSA's operations which, among other things, will consider NOPSA's engagement policies:</p> <ul style="list-style-type: none"> a. in responding to, and providing advice in, emergencies, b. in early engagement for complex safety case submissions, and c. in the provision of general OHS advice for ongoing Safety Case (SC) compliance. 	<p>In respect to:</p> <p>(a) giving advice in emergencies - NOPSA will assist the Independent Review and will be informed by the Report due 30 Nov 2011. [In the short term NOPSA is drafting guidelines to require titleholders to address containment & capping when submitting a WOMP. Target - March 2012.]</p> <p>(b) early engagement - NOPSA has already instituted processes for early engagement for complex SCs. NOPSA is now working with RET to introduce a 'design notification' scheme (similar to the UK) in the regulations. Target June 2012.</p> <p>(c) provision of general OHS advice for SC</p>	<p>78,81,82,83,84</p> <p><i>Emergency Response by NOPSA – collaboration between regulator and operator/titleholder</i></p> <p><i>Early Engagement with proponents on the development of safety cases.</i></p> <p><i>Revised approach to interaction with operators.</i></p>

¹ The Terms of Reference for the 2011 review specifically address the issue of NOPSA operator and stakeholder engagement. The action will be informed by the findings/recommendations of that review.

Action #	NOPSA Action Category Description	Target/Status	Relevant Recommendations
		compliance - NOPSA has now formalised its 'operator liaison' process. Complete.	
17.	Assist RET in the review of the incident response/communication coordination framework.	Target March 2012. (Preliminary work to date)	85 <i>Formation of an Incident Coordination Body</i>