

COMMENTS ON ISSUES PAPER
(JANUARY 2014) - REVIEW OF PART 5
OF THE OFFSHORE PETROLEUM AND
GREENHOUSE GAS STORAGE
(RESOURCE MANAGEMENT AND
ADMINISTRATION) REGULATIONS 2011

TABLE OF CONTENTS

INTRODUCTION	3
1.1 OIL AND GAS INDUSTRY IN AUSTRALIA	3
1.2 APPEA’S UNDERPINNING PRINCIPLES OF REGULATION	3
1.3 WELL INTEGRITY IN AUSTRALIA’S OIL AND GAS INDUSTRY	4
1.4 BACKGROUND TO OBJECTIVE BASED REGULATION OF PETROLEUM ACTIVITIES IN AUSTRALIA	5
1.5 RECENT REFORMS TO THE REGULATION OF THE PETROLEUM INDUSTRY.....	5
APPEA COMMENTS ON KEY AREAS ADDRESSED IN THE ‘ISSUES PAPER’ – PART 5 RMAR	6
1.6 CHAPTER 3: OBJECTIVES OF PART 5 RMAR.....	6
1.6.1 <i>Scope</i>	6
1.6.2 <i>ALARP and Good Oil Field Practice</i>	7
1.6.3 <i>Specific Reference to Safety and Health and Environment</i>	8
1.7 CHAPTER 4: FRAMEWORK FOR THE REGULATION OF WELLS	9
1.7.1 <i>Duties and Requirements for Titleholders</i>	9
1.7.2 <i>Third Party Duties</i>	10
1.7.3 <i>“Well” & “Well Activity” and Scope of WOMPS</i>	10
1.7.4 <i>Content Requirements for WOMPS and Third Party Verification</i>	12
1.7.5 <i>Control Measures</i>	13
1.7.6 <i>Submission and Assessment Process for WOMPS</i>	13
1.7.7 <i>Acceptance Criteria</i>	13
1.7.8 <i>Variation, Revision, Termination or Acceptance Withdrawn</i>	14
1.8 CHAPTER 5: APPROVAL FOR SPECIFIC WELL ACTIVITIES.....	15
1.9 CHAPTER 6: INACTIVE WELLS	16
1.10 CHAPTER 7: WELL ACCIDENTS	17
1.11 CHAPTER 8: COMPLIANCE MEASURES	17

INTRODUCTION

1.1 OIL AND GAS INDUSTRY IN AUSTRALIA

The oil and gas industry is a significant part of the national economy. Almost \$200 billion is currently being invested in oil and gas projects nationally, including seven major liquefied natural gas (LNG) export projects^[1]. By 2020, the sector's economic contribution to the national economy is set to more than double to \$65 billion and taxation paid is projected to rise from \$8.8 billion to reach almost \$13 billion. These projects have provided jobs and investment opportunities and helped create a maturing gas market which is delivering security of energy supply.

While Australia's economy has benefited and will continue to benefit significantly from LNG investments committed in the past, there are even more projects under consideration. Developments under consideration represent a potential additional investment exceeding \$180 billion. Realising this investment would benefit the entire nation.

The industry is in transformation on several fronts, economic, technical and regulatory. Offshore, the industry is moving into deeper waters while some existing production fields are ageing, and associated infrastructure is undergoing life extension or potentially facing decommissioning.

Given the substantial benefits to the national economy, regulation of the oil and gas industry should be designed and implemented to promote the necessary high standards of performance and risk management for integrity (wells and facilities) safety, health and environment without imposing unnecessary regulatory burdens.

1.2 APPEA'S UNDERPINNING PRINCIPLES OF REGULATION

APPEA understands that the objective of the Review of Part 5 is to ensure the regulation of well operations in commonwealth waters reflects leading practice, objective-based regulation of the structural integrity of wells and well activities. In line with this, APPEA supports strong and independent regulation that sets an objective and science based framework for reducing risk while providing certainty to industry.

Regulation should reflect the following broad principles:

- Clear objectives and transparent oversight:
 - The rationale for any regulation must be well defined and understood; government regulation may not always be the most effective mechanism to manage risk
 - Transparent, clear, uniform and predictable processes for implementing regulation
 - Meet environmental as well as economic and social objectives

^[1] See Bureau of Resources and Energy Economics (2013), *Resources and Energy Major Projects*, for a listing of upstream oil and gas projects (available at www.bree.gov.au/publications/remproj.html).

- Be subject to continual review to assess its ongoing relevance
- Underpinned by sound science and evidence:
 - An evidence-based approach should be adopted based on rigorous and reliable information and centred on well-defined risks and environmental values.
 - The Information, science and evidence used to underpin regulations should be transparent.
- Risk-based and focused:
 - Objective and risk-based regulation should be adopted rather than the prescriptive standards
 - Allowing a flexible and dynamic approach to changing circumstances (technology, environments, science and financial arrangements)
 - Allowing actions to be taken to mitigate risk in conditions of scientific uncertainty rather than stopping or banning projects or activities.
- Appropriate to the nature and scale of the project
 - Regulation should be focused on what is appropriate to the ‘nature and scale’ and to the risks and impacts from the activity being regulated.
 - The ongoing compliance activity and costs imposed on governments and proponents are appropriate to the risks and impacts.
- Transparent processes supported by guidance on regulator expectations
 - Guidance should be flexible enough as to not to become prescriptive regulation by stealth.

1.3 WELL INTEGRITY IN AUSTRALIA’S OIL AND GAS INDUSTRY

In Australia, wells are typically 2,000 to 4,000 meters deep, although some wells may be as shallow as 300 meters. In the global industry, wells that reach beyond 10,000 meters are becoming more common. High standards of well integrity ensure long term safe and environmentally sustainable operations. Controlling the gases and liquids produced in oil and gas wells relies upon the long-term integrity of the well to contain those gases and fluids as they are brought to the surface.

A well must be designed, commissioned, constructed, modified/alterd, equipped, operated, maintained, suspended and abandoned to ensure gases and fluids are contained and well integrity is ensured throughout the life cycle of a well. The design of a well must address all stages in the life of the well. A well operations management plan needs to demonstrate what the well integrity management systems will deliver, including the performance standards that are in place and how these manage the well integrity hazards and risks for all of the stages of the well life cycle covered by that well operations management plan.

To ensure well integrity, oil and gas industry practice includes:

- Well designs with multiple casing strings and isolating cement
- Pressure tests to confirm integrity
- Acoustic measurement of the cement bond.

A well maintenance and inspection program then ensures each well continues to operate as designed (which must include any alterations/modifications to the design over the well life cycle and robust change management processes and record keeping), and continues to maintain integrity over the working life of that well.

1.4 BACKGROUND TO OBJECTIVE BASED REGULATION OF PETROLEUM ACTIVITIES IN AUSTRALIA

In 1988 the Piper Alpha disaster tragically claimed the lives of 167 people in the worst ever offshore oil and gas industry disaster. The subsequent Cullen inquiry resulted in 106 recommendations. The most significant outcome from the inquiry was the UK moved from a regulatory prescription approach that attempted to enforce minimum compliance to a goal setting regime. The onus would now be placed on the operator not the regulator to demonstrate through a safety 'case' that they have in practice reduced and maintained the risks associated with their operations to as low as reasonably practicable (ALARP).

Since Piper Alpha the ongoing management of safety and health and structural integrity is the primary responsibility of the operator not the regulator. It is no longer dependent on "ever present, all seeing, all knowing" government inspectors inspecting safety into facilities or wells.

For complex, dynamic and high risk activities such as oil and gas, it is essential that the primary responsibility for managing the risks lies at the point of operations not with governments or a regulator. The fundamental principles are 'continuous improvement' not minimum compliance. The key focus is on the prevention of 'major accident events' and keeping hydrocarbons contained – whether in wells or in process plant and facilities.

Following the Piper Alpha disaster, Australia introduced a safety case obligation into the *Petroleum (Submerged Lands) Act 1967 (PSLA)* to strengthen the implementation of the duty of care regime. As noted in the Explanatory Memorandum to the *Petroleum (Submerged Lands) Amendment Bill 2003*:

"The term 'safety case' is used to describe a sophisticated, comprehensive, integrated risk management system. This is characterised by an acceptance that the direct responsibility for the ongoing management of safety on individual facilities is the responsibility of the operators and not the regulator."

1.5 RECENT REFORMS TO THE REGULATION OF THE PETROLEUM INDUSTRY

Regulation of the offshore operations of Australia's oil and gas industry has undergone a major reform process over recent years, culminating in the establishment of new national regulatory agencies on 1 January 2012. The National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) is now responsible for the regulation of the three critical and interrelated areas of occupational health and safety, integrity of facilities and wells, environmental management and day-to-day operations of petroleum activities in commonwealth waters through the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* and supporting Regulations.

These reforms arose out of recommendations put forward by a number of key reviews including the Productivity Commission (PC) in its 2009 *Review of the Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector* and by the 2010 report of the Montara Commission of Inquiry.

In addition to the above reforms there has been a parallel review and streamlining of regulations administered under the OPGGSA relating to environmental management of petroleum activities, ensuring a more consistent, objective and risk based approach.

There is a need to ensure consistency of regulatory approach across the key regulatory areas for which NOPSEMA is responsible. The safety and health and structural integrity of facilities (safety case), environmental risks and impacts arising from petroleum activities (environment plan) and well integrity (well operations management plan). These three key 'permissioning' documents often cover activities that interrelate and, can include common performance standards e.g. for well integrity hazards, risks and controls. Some of the unpinning principles and approaches therefore need to be consistent and regulations should support cross referencing without the need for duplication.

APPEA COMMENTS ON KEY AREAS ADDRESSED IN THE 'ISSUES PAPER' – PART 5 RMAR

1.6 CHAPTER 3: OBJECTIVES OF PART 5 RMAR

Part 5 of the *OPGGS (Resource Management and Administration) Regulations 2011* (Part 5 RMAR) is concerned solely with the regulation of wells and well operations by NOPSEMA, and therefore relates solely to the structural integrity of wells and not to resource management. It sets out the requirements placed on a titleholder in regard to well operations management plans (WOMPS) and approval of specific well activities (Regulation 5.22) by NOPSEMA.

NOPSEMA's statutory functions under the OPGGS Act include structural integrity of facilities, wells or well-related equipment. The objectives of Part 5 RMAR must be considered in the context of the overarching objective and risk based regime applying to all offshore petroleum activities in Commonwealth waters, including for well integrity, environmental management and structural integrity and OHS for facilities. As discussed above, the Australian regulatory regime applying to offshore petroleum industry activities in commonwealth waters is based on the submission of three comprehensive risk-based 'permissioning' documents to the regulator (NOPSEMA) e.g. safety case, environment plan and well operations management plan.

1.6.1 SCOPE

A clear objective for Part 5 is to ensure the integrity of wells throughout the well life cycle, from design to abandonment. This would appear to include the ongoing management systems and processes titleholders must have in place for ensuring ongoing well integrity throughout the well life cycle e.g. not just individual well design. This may need to be clarified to ensure there is no ambiguity.

1.6.2 ALARP AND GOOD OIL FIELD PRACTICE

The concept of as low as reasonably practicable or ALARP is well established under the OPGGS Act (as discussed further below) and also under general duty of care workplace health and safety law applying across Australia. For oil and gas industry activities/operations, ALARP requires a titleholder (or operator) to show through reasoned and supported arguments, that there are no other practical measures that could reasonably be taken to reduce risks further.

Currently the objects for Part 5 RMAR include ‘... ensure operations offshore are carried out in accordance with ‘good oil field practice’.’ This does not necessarily require that everything reasonably practicable be done. It would imply, however, the application of for example, good design principles, engineering and operating and maintenance practices.

The OPGGS Act does however impose a safety and health duty on the titleholder in respect of wells (Clause 13 A of Schedule 3) so that a titleholder must design, construct, commission, alter, equip, maintain and operate a well so that risks to the health and safety of persons at or near a facility from:

- the well; or
- any unplanned escape of fluids from the well; or
- anything in the well or anything in a geological formation, or part of a geological formation to which the well is connected or through which the well passes;
- are as low as is reasonably practicable e.g. ALARP.

It also requires the titleholder to ensure that any risks to health and safety of persons at or near a facility arising from a well that has been suspended, abandoned or closed off are reduced to as low as reasonably practicable. The OPGSS Act thereby clearly establishes the ALARP principle in regard to well operations at or near a facility.

The concept of ‘reasonably practicable’ is central to the safety case and environment plan regimes already applying to offshore petroleum activities and facilities, and NOPSEMA has produced guidance on the ALARP concept including the following:

“[ALARP concept] ... allows operators to set goals for their own [safety] performance rather than following prescriptive requirements. It also allows NOPSEMA to accept or reject the operator’s arrangements [under the safety case]. This flexibility is a great advantage but it can be challenging because it requires people to exercise judgment with respect to how they are going to manage their risks. In the great majority of cases, a decision can be made by referring to existing ‘good practice’ that has been established. However, for complex situations it may be difficult to reach a decision on the basis of ‘good practice’ alone. There may be some situations, for example in the case of new technology, where there is no relevant ‘good practice’ that can be followed. In these situations other decision-making techniques need to be applied to inform our judgment.”
NOPSEMA Guidance Note (NO4300 – GNO166: Rev 4 December 2012).

1.6.3 SPECIFIC REFERENCE TO SAFETY AND HEALTH AND ENVIRONMENT

The OPGGS Act currently imposes a ‘safety and health’ general duty on the titleholder in respect of wells e.g. to design, construct, commission, alter, equip, maintain and operate a well so that risks to the health and safety of persons at or near a facility are as low as is reasonably practicable. Any risks to health and safety of persons at or near a facility arising from a well that has been suspended, abandoned or closed off needs to be as low as reasonably practicable. See discussion of ‘titleholder duties’ in next section.

Part 5 RMAR administered by NOPSEMA also imposes a requirement to control well integrity hazards and risks (Regulation 5.26) and well integrity hazards include significant threat to the safety of individuals or involve risk of significant damage to the environment (Regulation 5.02).

Part 2: Division 1 of Schedule 3 of the OPGGS Act sets out overarching duties on various parties relating to occupational health and safety in regard to petroleum facilities in commonwealth waters – and this includes at or near those facilities e.g. from risks to the health and safety of persons arising out of the activities being conducted at or near those facilities.

The operator of a petroleum facility (who may or may not be the titleholder) has duties relating to safety and health under the OPGGS Act, and also has more defined duties under the OPGGS (Safety) Regulations in regard to the accepted ‘safety case’ for a facility that are relevant for well operations. The safety case applying to a facility must include a formal safety assessment (FSA). The FSA must include a detailed description of all hazards with the potential to lead to a major accident event (potential for multiple fatalities), including from the loss of containment of a well or loss of well integrity, a detailed risk assessment and identification of critical controls that reduce the risks to as low as reasonably practicable. The ‘safety case’ is not however the primary regulatory document for demonstrating and ensuring well integrity, the focus is rather on what is required to ensure the safety and health of people and the integrity of the facility.

Under OPGGSA (Environment) Regulations a titleholder must also submit to NOPSEMA an environment plan for ‘petroleum activities’. The environment plan must address the impacts and risks to the environment arising out of a petroleum activity – including the impacts and risks to the environment as a result of loss of integrity of a well – and must reduce those impacts and risks to an acceptable level and to as low as reasonably practicable. Again however, the Environment Plan is not the primary regulatory document for demonstrating and ensuring well integrity, the focus is rather on reducing impacts and risks in the receiving environment.

The principal objective of Part 5 should continue to be to ensure integrity over the well life cycle. It should however be linked to be concept of reducing risks to ALARP in place of ‘good oil field practice’ as this is a well-established concept in law and central to modern risk based regulation. Further, the OPGGSA already envisages a duty on titleholders in regard to risks to the safety and health of persons as does the definition of well integrity hazard in Part 5 RMAR, and therefore it could be argued that the objectives of Part 5 should also reflect safety objectives.

There may also be some benefit in making more explicit the interactions of WOMPs, safety cases and environment plans – to allow cross referencing where appropriate.

APPEA supports:

- Introducing a new object for wells in commonwealth waters to be designed, constructed, commissioned, modified, operated, maintained, suspended and abandoned in accordance with a well operations management plan that has been accepted by NOPSEMA.
- Removing any ambiguity by making it clear the objective for ensuring well integrity throughout the well life cycle includes that the titleholder must have in place the management systems and processes required to ensure well integrity not just individual well design.
- Making specific reference in objectives to ensuring well hazards and risks throughout the well life cycle are reduced to ALARP.

1.7 CHAPTER 4: FRAMEWORK FOR THE REGULATION OF WELLS

See Response to Chapter 6 for discussion on duties for 'inactive' wells.

1.7.1 DUTIES AND REQUIREMENTS FOR TITLEHOLDERS

As outlined in previous section, the OPGGS Act currently imposes a safety and health duty on the titleholder in respect of wells (Clause 13 A of Schedule 3) so that a titleholder must design, construct, commission, alter, equip, maintain and operate a well so that risks to the health and safety of persons at or near a facility from:

- the well; or
- any unplanned escape of fluids from the well; or
- anything in the well or anything in a geological formation, or part of a geological formation to which the well is connected or through which the well passes;
- are as low as is reasonably practicable.

It also requires the titleholder to ensure that any risks to health and safety of persons at or near a facility arising from a well that has been suspended, abandoned or closed off are reduced to as low as reasonably practicable.

Part 5 RMAR administered by NOPSEMA also imposes a requirement to control well integrity hazards and risks (Regulation 5.26) and where there has been a significant increase in an existing risk for the well to control that risk. Well integrity hazards are defined to include significant threat to the safety of individuals or involve risk of significant damage to the environment (Regulation 5.02).

The UK North Sea regulatory regime applying to well operations offshore (global offshore petroleum regime with most in common with Australian regulatory regime) sets a broader general duty for well operators (equivalent to titleholder) e.g. a well must be so designed, modified, commissioned, constructed, equipped, operated, maintained, suspended and abandoned that –

- a) so far as is reasonably practicable, there can be no unplanned escape of fluids from the well; and

- b) risks to health and safety of persons from it or anything in it, or in strata to which it is connected, are as low as reasonably practicable.

APPEA supports :

- Part 5 replicates the duty provided for in the Act and in addition sets out the ALARP duty in regard to ensuring well integrity.
- Specific duties and requirements on the titleholder might also include:
 - effective well integrity management systems;
 - systems in place to ensure all personnel have the competence required to carry out their roles and responsibilities throughout the well life cycle to ensure well integrity; and
 - processes in place for involving the drilling contractor and service company personnel in well operations, and to ensure they understand their roles and responsibilities and that all contractors have the appropriate competence and equipment.
- There may also be a need to more specifically address titleholder duties in the event of loss of well integrity specifically to address requirements for a relief well or well intervention.

1.7.2 THIRD PARTY DUTIES

Though other parties are involved in well design and operations, including drilling contractors and third party service providers, the regulatory responsibility for ensuring well integrity and for the well operations management plan (WOMP) throughout the well life cycle remains at all times with the titleholder.

Schedule 3 to the OPGGS Act sets out broad safety and health duties for titleholders, operators of petroleum facilities but also various third parties e.g. on persons in control of parts of a petroleum facility or particular work, manufacturers or suppliers and of plant or substances and titleholders in relation to wells. However, the WOMP could be seen as in effect a 'mini safety case', and Part 5 RMAR would then be somewhat (though not entirely) analogous to the OPGGS (Safety) Regulations. These regulations set out requirements for the operator (operator may or may not be the titleholder) in regard to the safety case for a facility, and do not include duties on third parties.

1.7.3 "WELL" & "WELL ACTIVITY" AND SCOPE OF WOMPS

The WOMP is a risk-based 'permissioning' document approved by the regulator that sets out detailed information as to how titleholders will ensure well integrity is maintained over the life cycle of a well, and that addresses the hazards and risk.

Currently, Part 5 RMAR requires that the WOMP is supported by regulatory approval for specific well activities (well activity is currently defined as an activity relation to a well that is carried out during the life of the well) that lead to the physical change of a well e.g. well drilling, testing, completion, abandonment, suspension, well intervention.

The WOMP may cover more than one well and many activities. The focus though is on the well activity, and no well activity can be undertaken unless it is covered by a WOMP, and that activity may also require a specific approval under Regulation 5.23.

There is some confusion/ambiguity around the scope and content of the WOMP, particularly given the above requirement to obtain well activity specific approvals from the regulator. APPEA agrees with the Issues Paper that a starting premise should be that a particular well activity should not be subject to more than one WOMP, but a WOMP should be able to cover more than one well where a case is made that those wells (purpose, design, environment etc.) and the well integrity hazards and risks are sufficiently similar.

APPEA also agrees with the Issues Paper that the primary focus should be on wells and the stages in the life cycle of a well – rather than the stages of the well activities themselves. Regulation 5.6 (3) (c) should reflect this.

In APPEA's view, a WOMP should lay out the scope of activities planned for a well (or series of wells with similar risk profiles), define the risks associated with them and demonstrate how a company will manage those risks to ALARP. This includes well integrity and all other significant well related risks. In this sense it is specific to the arrangements in place for specific wells, but there should not be major differences to how this is achieved on a well by well basis. A company's management systems for well integrity will remain largely the same if the risk profiles remain essentially the same, although lifecycles and the extent of the management system will vary for the different well types (i.e. a well that is drilled and abandoned versus a well that is drilled, completed, produced, or intervened).

It should be a "safety case" for the scope of activities or operations described. By accepting it, the Regulator should be giving 'permission' for any of those activities to be carried out across the life of the WOMP. Under such a regime, individual approvals for specific well activities or operations should no longer be required.

APPEA would also canvass the option of replacing the terminology of 'well activities' with 'well operations' – which fits more accurately under the scope of what is a well operations management plan.

The following definitions are contained in the UK's safety case regulations (which set the requirements for notification to the regulator of well operations) and could usefully be applied to the Australian regime:

- **well" means –**
 - (a) - a well made by drilling; and
 - (b) - a borehole drilled with a view to the extraction of petroleum through it or another well, and shall be deemed to include any device on it for containing the pressure in it;
- **"well operation" means -**
 - (a) - the drilling of a well, including the recommencement of drilling after a well has been completed, suspended or abandoned by plugging at the sea-bed; and
 - (b) - any operation in relation to a well during which there may be an accidental release of fluids from that well which could give rise to the risk of a major accident;

APPEA supports:

- The WOMP becoming the primary regulatory ‘permissioning’ document for well operations.
- The WOMP being able to cover more than one well (subject to the requirements set out in discussion above).
- A WOMP may be submitted to the Regulator in parts e.g. for defined stages in the life cycle of a well e.g. for specific well operations.
- A WOMP should provide sufficient specificity to enable the regulator to understand and verify through inspection how well integrity hazards and risks are being controlled to ALARP.
- This must be supported by the removal for the need for obtaining specific well activity approvals.
- This also requires clear arrangements for addressing variations, revisions, additional information etc. See later section.
- The terminology ‘well activities’ be replaced with ‘well operations’.

1.7.4 CONTENT REQUIREMENTS FOR WOMPS AND THIRD PARTY VERIFICATION

APPEA agrees that WOMP content requirements should generally be objective rather than prescriptive, with some detail required on the titleholder organisation and location/environment in which well operations will be carried out. APPEA acknowledges that contractors and service providers have a role in the day to day conduct of well operations and this may warrant being formally recognised in the regulations.

In regard to third party verification of the well design for critical or complex wells, APPEA’s position is that this is not required in a regime where the WOMP is in effect a ‘safety case’ for well operations, and supported by a notification process for high hazard well operations.

APPEA supports:

WOMP contents should include:

- Intended purpose of the well(s)
- Description and evaluation of the hazards and risks for the well life cycle covered by the WOMP
- Basis of the design of the well to achieve that purpose and to reduce the hazards and risks to ALARP (the controls)
- Description of the systems in place to ensure well integrity is maintained throughout the stages of the well life cycle covered by the WOMP, including maintenance and testing, management of change, keeping of records and competence of critical well control roles
- Description of systems for managing contractors and service providers, including use of ‘bridging’ documents and process for identifying and verifying competence
- Location and environment in which well operations will be carried out

APPEA does not support:

- Third party verification of well design.

1.7.5 CONTROL MEASURES

APPEA supports the view put in the Issues Paper that the general principle should be that at least two barriers are in place throughout the well life cycle, but that this would be inadequate as a prescriptive requirement and may not achieve ALARP. The titleholder's responsibility is to ensure that the well integrity hazards and risks are reduced to ALARP. A barrier philosophy should include well-reasoned justification for barrier design, selection, installation, testing and checking, monitoring and maintenance and how these achieve ALARP throughout the stages of the well life cycle (and well operations) covered by the WOMP.

1.7.6 SUBMISSION AND ASSESSMENT PROCESS FOR WOMPS

APPEA does not support:

- A separate mechanism that would allow the regulator at the end of the 30 day assessment period to make an 'unable to make a decision' notice and to then require additional assessment time without the accompanying requirement to provide advice to the titleholder on further information required for that assessment.

APPEA supports:

- By the end of (or before) the 30 day assessment period the regulator:
 - notify the titleholder of an 'unable to make a decision' or 'not satisfied' the WOMP meets the acceptance criteria; and then
 - provide clear advice to the titleholder on what additional information needs to be provided or the criteria not met, and must then give the titleholder a reasonable opportunity to modify and resubmit the WOMP.
- Inclusion of a separate provision enabling the regulator to request additional information (request in writing) without requiring resubmission of the WOMP. The additional information should be assessed as a part of the original WOMP submitted. A reasonable period within which the information is to be provided should be specified.
- Provide that a WOMP is 'in force' from the date the regulator notifies the titleholder that the WOMP is accepted by the regulator.

1.7.7 ACCEPTANCE CRITERIA

WOMPs must demonstrate a number of key things:

- That it is appropriate to the nature and scale of the well(s) and the specific well operations covered by that WOMP.
- How the well integrity hazards and risks are reduced and maintained to ALARP throughout the well life cycle and the well operations covered by that WOMP (and this includes demonstrating how the well integrity management systems (which are generally generic systems) will deliver ALARP this for this particular WOMP, including implementation, monitoring, recording and reporting).

- Set out the performance objectives, standards and measurement criteria e.g. how the systems will deliver ALARP.
- That it complies with the *Offshore Petroleum and Greenhouse Gas and Storage Act* and regulations.

A WOMP may need to reference other documents, and it would be inefficient and inappropriate to have to include the entire contents of these other documents. Nonetheless, APPEA agrees that a WOMP must be able to be understood and must have a clear logic as a stand-alone document without the need to access other documents. Where documents are referenced in a WOMP, the purpose and scope of the referenced document must be clearly articulated and understood and its function for the WOMP must be clear e.g. what it delivers.

APPEA supports:

- Acceptance criteria that reflect the points outlined above.
- Referencing of documents in the WOMP be allowed, but with a clear requirement that their purpose and what they deliver must be justified and the WOMP must be understood as one document e.g. it must be clear what any referenced documents do for the WOMP and how they achieve the primary objectives of ensuring well integrity throughout well life cycles and reducing well integrity hazards and risks to ALARP.

1.7.8 VARIATION, REVISION, TERMINATION OR ACCEPTANCE WITHDRAWN

APPEA supports:

- Removing any requirements for 'variations' of WOMPs;
- Replacing concept of WOMP 'variation' with new requirements for 'revision' to bring the WOMP requirements in line with similar requirements for safety cases and to align the language;
- Revisions triggered as a result of e.g. 'significant' change or identification of new hazards and risks or changes to titleholder arrangements;
- WOMP to be re-submitted as an entire document; or, if agreed by the regulator, submit a revised WOMP for stages of the life cycle or well operations covered by the WOMP in force;
- Existing WOMP to continue until the revision is accepted; and if revision is not accepted also to remain in force;
- Process for assessment of the revision by NOPSEMA to be the same as for the original WOMP assessment process (reflecting changes introduced from this review process);
- Requirement for a revision after five years from date of last acceptance e.g. if there has been a revision to a WOMP, then five years from date of acceptance of revision if that revision was to the whole of the WOMP not just a stage of well life cycle/well operations; if a revision only covered stages of the well life cycle covered by the WOMP then five years from date of full WOMP acceptance.

- A WOMP may be terminated by the titleholder if all of the well life cycle and operations covered by the WOMP have been completed and the well has been suspended or abandoned in line with the WOMP requirements (see Chapter 6 comments on inactive wells and monitoring requirements).
- The regulator may withdraw acceptance of a WOMP on grounds that the titleholder has not complied with the requirements of the WOMP, the Act or Part 5 RMAR, or any notices issued by the regulator; and
- The regulator must give at least 30 days of notice in writing to the titleholder of intention to withdraw acceptance, must provide in detail clear reasons for the withdrawal, and provide a date by which the titleholder may submit information in writing to the regulator that the regulator should take into account when deciding whether to withdraw acceptance;
- The regulator may provide a copy of the notice to NOPTA.

1.8 CHAPTER 5: APPROVAL FOR SPECIFIC WELL ACTIVITIES

As stated in response to earlier chapters, APPEA agrees with the Issues Paper that the WOMP should become the primary ‘permissioning’ document for wells and well operations, consistent with the objective and risk based approach to regulation established by the OPGGS Act and the supporting regulations for safety on offshore petroleum facilities and environmental management of petroleum activities.

As also stated previously, APPEA proposes that ‘well activities’ be replaced with ‘well operations’ reflecting the intent of a well operations management plan.

The current requirement is that a titleholder must obtain specific approval from the regulator for certain well activities in addition to WOMP approval. This is a legacy of more prescriptive regulation where the WOMP provides a high level overview of the well integrity management system and specificity is provided and approval sought at the point of a well activity. What is being proposed in the Issues Paper is to align the WOMP as the primary permission document, requiring a reasoned, comprehensive and integrated case for how ALARP is achieved and integrity maintained throughout the well life cycle, including all of the well operations covered by the scope of the WOMP. The regulator then carries out risk based and targeted verification inspections to ensure the WOMP’s performance objectives, standards (controls) and measures are being achieved in practice, including verifying the effectiveness of monitoring of the controls. In this approach, it is already understood that some well operations pose greater risks than others and ALARP demonstration and assurance and verification must address the level of risk. There is no need therefore to have additional layers of ‘approval’.

The UK has a ‘notification’ regime and also requires that certain reports are provided by the equivalent of the titleholder on a frequency agreed with the regulator. However, the UK regime does not require the equivalent of a WOMP, and the notification requirements are triggered under the installation (facility) safety case.

APPEA's position is that governments and regulators need an additional level of oversight and information on the well operations carried out over a well life cycle to assist them in planning and targeting regulatory inspections for high risk well operations, but that these operations do not require additional 'approvals'. To that end, introducing a form of notification and reporting based on the UK model is appropriate.

APPEA supports:

- Clarification and general definition for well 'operations' rather than well 'activities' covering any operation that leads to a physical change to a well bore including:
 - Drilling
 - Testing and Workover
 - Completion
 - Abandonment or suspension
 - Intervention; and
 - Any other operation that involves the risk of unplanned escape of fluids from a well
- Removal of the requirement to obtain approval from the regulator for specific well activities.
- Introduction of new notification and reporting requirements similar to UK model, to assist regulator with targeting compliance and inspection activity for high risk well operations.

1.9 CHAPTER 6: INACTIVE WELLS

A clear understanding and definition of what constitutes an 'inactive well' is required. The meaning of 'inactive' well should exclude any well that has been permanently plugged and abandoned. A plugged and abandoned well has already been subject to the requirements of a regulator accepted WOMP e.g. that integrity has been achieved in such a way that integrity will be in place once abandoned – so monitoring is not required.

Inactive wells may include plugged and suspended wells and wells that have been isolated and no intervention is required. These wells are still covered by a WOMP, and NOPSEMA charges an administration fee for all such wells (\$2,500 per well per year). Should such a well pass to another titleholder it should trigger a revision to the WOMP

In addition, as the Issues Paper identifies, NOPSEMA has wide powers to direct titleholders and former titleholders under the OPGGS Act and therefore could direct a titleholder in regard to an inactive or permanently plugged and abandoned well. The polluter pays principle is also well established under the OPGGS Act.

For the above reasons, APPEA is of the view therefore a new regulatory document is not required for inactive wells.

APPEA does not support:

- Introduction of a new regulatory document for inactive wells.

1.10 CHAPTER 7: WELL ACCIDENTS

APPEA agrees with the Issues Paper that there is a need to better define and specify requirements for reporting, but also recordable, well incidents. APPEA would propose however, adopting the terminology 'incident' in place of 'accident' which would remove the need to have a separate category of notifiable events. APPEA also acknowledges the value of NOPSEMA reporting being aligned as far as possible with the International Regulators Forum reporting to allow international benchmarking and comparison. APPEA also agrees that the ability for the regulator to exempt the titleholder from certain requirements of the WOMP in particular situations (sub-regulation 5.04(3)) should remain but be linked to the definition of well incidents.

By way of background, APPEA has in place requirements that its members report incidents to APPEA, including process safety incidents, and we have attached to this Submission the APPEA Reporting Guidelines ([Attachment 1](#)). The Guidelines are aligned with the International Oil and Gas Producers Association (OGP) and with the American Petroleum Institute (API) Recommended Practice No 754 on Process Safety Performance Indicators for the Refining and Petrochemical Industries.

APPEA supports:

- Work be undertaken to define and specify appropriate reporting requirements for 'well incidents', and also whether there are categories of incidents that should be recorded but not reported.
- That the ability for the regulator to exempt the titleholder from certain requirements of the WOMP be linked to the definition of well incidents.

1.11 CHAPTER 8: COMPLIANCE MEASURES

APPEA notes the *Offshore Petroleum and Green House Gas Storage Amendment (Compliance Measures) Act 2013* (Compliance Measures Act No. 1) was passed in the Australian Parliament on 28 February 2013 and received Royal Assent on 14 March 2013; and the **OFFSHORE PETROLEUM AND GREENHOUSE GAS STORAGE AMENDMENT (COMPLIANCE MEASURES NO. 2) ACT 2013** (Compliance Measures Act No. 2) was passed by the Australian Parliament on 16 May 2013 and received Royal Assent 28 May 2013.

The Compliance Measures Act No. 1 makes progress in implementing the recommendations of the Final Government Response to the June 2010 Report of the Montara Commission of Inquiry (the Report). These changes aim to strengthen the operating practices of the offshore petroleum industry and provide additional enforcement powers to NOPSEMA.