



FLOWLINE

APPEA • THE VOICE OF AUSTRALIA'S OIL AND GAS INDUSTRY

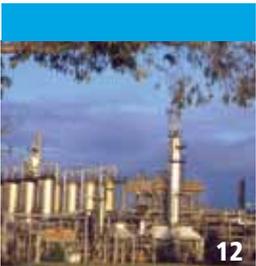
FEBRUARY 2011 • ISSUE 29

**Crunch time
for climate
change
policy**

**APPEA 2011:
Where the world
meets Australian
oil and gas**

AUSTRALIAN PETROLEUM PRODUCTION & EXPLORATION ASSOCIATION

in this edition



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The Australian Petroleum Production and Exploration Association Ltd (APPEA) is the peak national body representing the interests of Australia's upstream oil and gas exploration and production industry. The association has more than 80 full member companies, all of which are oil and gas explorers and producers active in Australia.

Cover image: Operations at Santos's Wallumbilla gas hub in Queensland.

Key contributors in this issue



Noel Mullen

DEPUTY CHIEF EXECUTIVE —
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Noel is responsible for reviewing and providing recommendations on commercial and fiscal issues affecting companies operating in Australia's oil and gas industry.



Damian Dwyer

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Based in APPEA's Canberra headquarters, Damian is responsible for developing APPEA policies on energy markets and climate change.



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Matt works with government and stakeholders across New South Wales and Queensland on a wide range of policy issues affecting APPEA members.

[Please see the inside back cover for a full staff listing and contact details.](#)

APPEA extends its deepest sympathies to all of those who have suffered as a result of the recent extreme weather events across the country.

from the chief executive



Happy New Year!

We hope you all enjoyed the festive season.

Many of you will have received electronic Christmas cards from APPEA.

You will be pleased to know that the money saved by using this format was donated to a worthy charity, Autism Asperger ACT, so that children with autism spectrum disorders can enjoy better lives.

APPEA wishes everyone associated with our industry all the best for a successful 2011.

2011: Delivery and decisions

2010 was the year of announcements—both of industry projects and policy intent. They ranged from the audacious (think resources tax announcement) and the exciting (the world’s first CSG-to-LNG project), to the expected (having another crack at climate change policy) and the inevitable (regulatory reform in response to Montara).

The necessary successor to a year of announcements will be a year of consolidation and hard work. It will be a workman-like and industrious period if, as the Prime Minister has declared, 2011 is to be a year of ‘delivery and decision’.

For Australia’s oil and gas industry, the decisions at play put much at stake.

2011 will see the federal government introduce legislation to extend the Petroleum Resource Rent Tax regime across the entire oil and gas industry, requiring a great deal of APPEA effort on ensuring the detail of the legislation delivers an efficient, fair and administratively practical tax system for our industry.

2011 could also see a major re-working of our industry’s regulatory regime. The events at Montara and Macondo have understandably enlivened the federal government’s determination to push ahead with national regulation reform. While the Montara Commission of Inquiry clearly makes a compelling case for regulatory reform, the details will be the key to ensuring that any new regime is efficient, streamlined, effective and accountable.

The federal government also intends to finalise a national climate change policy. This is familiar territory for APPEA and not without its potential pitfalls. We will continue to assist in developing a policy that delivers abatement at least cost and Australian investment outcomes that are consistent with there being an international price on carbon. And let’s not forget, 2011’s new parliamentary landscape will bring considerable policy and political challenges to all engaged in this debate.

On behalf of all of us at APPEA, I extend sincere sympathy to everyone affected by the horrific events in Queensland and northern New South Wales, as well as appreciation to all of those oil and gas companies that are contributing so much to the rebuilding effort.

Belinda Robinson

Chief Executive

Taxing times in 2011

Noel Mullen

The public release of the Policy Transition Group (PTG) report is an important step in a process with ramifications for oil and gas investment decisions.

The report provides recommendations on the proposed extension of the petroleum resource rent tax (PRRT) to cover oil and gas production sourced from areas previously exempt from PRRT.

The government must build upon the PTG process's open and collaborative approach to help facilitate a smooth transition of new projects to the PRRT regime and help develop an efficient and administratively practical system.

APPEA supports many of the report's recommendations, but several concerns remain.

A dual taxation structure would be imposed on projects transitioning into the PRRT regime. The existing royalty and excise systems would effectively act as a floor on resource tax payments.

This poses many challenges for companies needing to comply with the inherently more complex demands that the Australian Taxation Office places on taxpayers under the PRRT. Experiences to date do not bode well for the many smaller companies that will now need to deal with ATO over resource taxation.

The government must now ensure that petroleum companies face a transparent, workable and efficient PRRT

structure that avoids the need to spend increasingly scarce funds on tax compliance and interpretation.

APPEA believes that, overall, there is a compelling case for the government to accept the PTG report's key recommendations. This will provide the framework for the important details to be developed over the coming months so that companies can understand their obligations as taxpayers and have the certainty to shape future decisions.

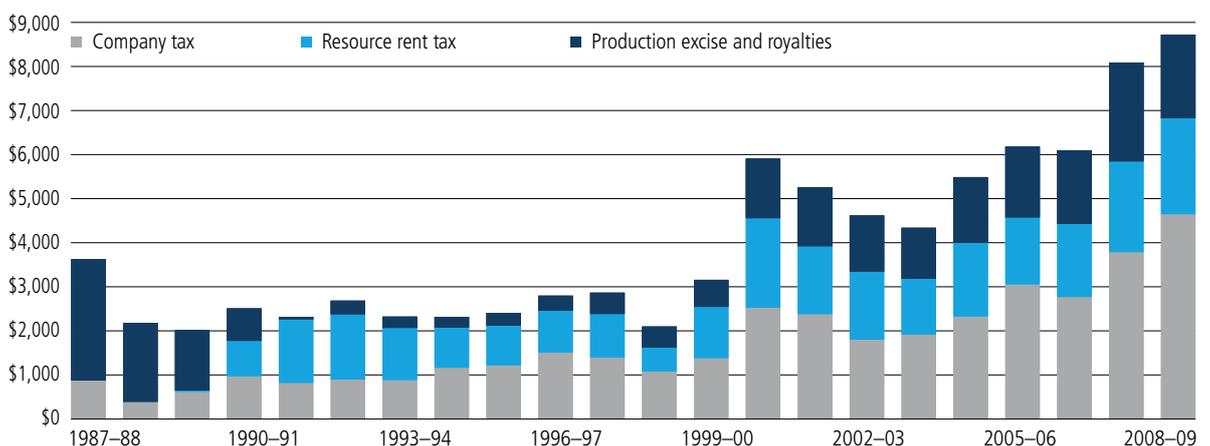
The government has indicated that exposure draft legislation will be released towards the end of this financial year. This must be developed through genuine consultation.

APPEA welcomes the PTG report's observations on the PRRT regime's administrative aspects. The ATO's existing approach to PRRT is complex and of great concern to many members.

Redressing the ATO's growing trend to limit deductions and to create complex reporting obligations is critical.

Recent ATO draft rulings show that agency does not understand how the industry operates. APPEA believes policy agencies must intervene to ensure that the law reflects commercial and operational realities. Several of the PTG's recommendations support an immediate halt to the ATO's current ruling process.

GOVERNMENT REVENUE FROM OIL AND GAS PRODUCTION (MILLIONS)





The government is considering extending PRRT to cover onshore projects

- APPEA remains concerned over the possible implications of changes to petroleum tax legislation.
- There is a need to ensure a smooth transition of new projects to the petroleum resource rent tax regime.
- The Tax Office shows little understanding of the oil and gas industry and is making the system too complex for many companies.
- There is an urgent need to develop an efficient and administratively practical system.
- The government’s advisory committee failed to acknowledge—let alone support measures—to respond to Australia’s petroleum exploration challenges.
- Government advisors said, “Australia’s resource stocks across most commodities remain plentiful.” But the long-term decline in oil production in Australia is a glaring problem and exploration in many of our frontier areas remains at low levels.

The main event

APPEA 2011 will showcase the best in Australian and international oil and gas.

With topical and cutting-edge conference presentations and a large and diverse exhibition, the event always draws a good crowd. More than 2700 delegates are expected to attend APPEA 2011 in Perth.

This is the networking, information exchange and social highlight of the Australian oil and gas calendar.

This edition of *Flowline* surveys some of the presentations and features offered by the APPEA Conference and Exhibition.

Over the three-day conference program, international experts and Australian industry leaders will provide up-to-date analysis, case studies and technical know-how on the big issues facing the Australian petroleum industry.

The conference features more than 100 presentations and addresses, including a diverse technical program. Issues to be covered include exploration technology, frontier regions, gas projects, gas storage, greenhouse policy, community engagement and environmental management.

Plenary speakers include international experts addressing the big issues, leading Australian oil and gas executives and professionals, and policymakers, including Resources and Energy Minister Martin Ferguson.



The 2010 APPEA Conference and Exhibition



■ The APPEA 2011 Conference and Exhibition will be held in Perth 10–13 April.

■ Registration open now.

■ Schlumberger Drilling Group President Jean Francois Poupeau will give a presentation, *Drilling systems to drive drilling performance*, at APPEA 2011's 9 am plenary session on Wednesday 13 April.

Drilling's cutting edge

Advances in drilling technologies offer substantial improvements in efficiency and cost-effectiveness, according to Schlumberger.

Improvements in rotary steerable drilling technology have increased the rates at which operators can drill and steer the well, said Schlumberger Marketing Manager Australasia Barry Parsons.

"Previously, the best rotary steerables could achieve up to 8 degrees per 30m, but now it's possible to achieve up to 15 degrees per 30m," he said.

"There are clear applications in onshore drilling, particularly unconventional plays where it's very important to maximise the well's exposure to horizontal sections of the reservoir.

"But we are also seeing interest from offshore companies who want to use the technology in drilling reservoirs that are likely to have sections where the formation is not well consolidated. This would let them manoeuvre around problematic parts of the reservoirs and keep the overall angle that they are seeking in the well."

Mr Parsons said the next big step forward is likely to be a step-change in measurement technology.

"At the moment instruments can only measure centimetres from the wellbore, but it's likely that soon operators will be able

to measure tens or hundreds of metres from the wellbore to get more of a reservoir-scale picture of the structure," he said.

"It's key that we will be able to acquire this data while drilling is happening. That has huge implications for cost-effectiveness — no one likes having a deepwater rig sitting idle to gather data."

Some instruments designed for such capabilities are already being field-tested, he said.

Mr Parsons also said companies could achieve big improvements by learning to look at drilling in a more holistic manner.

"It's about seeing the drill bits, reamers, fluids, formation evaluation tools and other drilling equipment as part of an integrated whole rather than pieces sourced in isolation from different suppliers," he said.

"For example, if the drill bit and drilling tools are not considered together, the assembly can often produce undesirable vibrations that reduce drilling performance," he said.

"To optimise the drilling process, it helps to have the rotary steerable experts talking with the drill bit experts and the drilling fluid experts before the various parts are chosen. That can avoid having to learn hard lessons halfway through the process."

BP forecasts big changes in energy use

BP Group Chief Economist Christof Rühl — a keynote speaker at APPEA 2011 — has recently produced the *BP Energy Outlook 2030*.

In Dr Rühl's analysis, BP's base case — or most likely projection — points to primary energy use growing by nearly 40 per cent over the next 20 years.

Ninety-three per cent of this growth is expected to come from outside the Organisation of Economic Co-operation and Development (OECD). Non-OECD countries are

forecast to rapidly increase their share of global energy demand from just over half currently to two-thirds.

Over the same period, energy intensity — a key measure of energy use per unit of economic output — is set to improve globally. This will be led by rapid efficiency gains in non-OECD economies.

According to the *BP Energy Outlook*, diversification of energy sources will increase.

For the first time, non-fossil fuels (nuclear, as well as hydroelectricity and renewables) are expected to be the biggest source of growth. From

2010 to 2030 the contribution to energy growth of renewables (solar, wind, geothermal and biofuels) is forecast to increase from 5 per cent to 18 per cent.

Natural gas is projected to be the fastest-growing fossil fuel, but coal and oil are likely to lose market share.

Fossil fuels' contribution to primary energy growth is projected to fall from 83 per cent to 64 per cent. OECD oil demand peaked in 2005 and in 2030 is projected to be roughly back at its 1990 level. Biofuels will account for 9 per cent of global transport fuels.

Christof Rühl

■ Dr Rühl will give his presentation, *Global statistics and trends — implications for Australian oil and gas*, at the 11 am plenary session on Monday 11 April.

Tapping female talent



Oil and gas companies must employ more women, says Ernst & Young

Recruiting and training more women could be part of the solution to the oil and gas industry's skills shortage, according to professional services firm Ernst & Young.

Women are one of the largest sources of untapped talent in the oil and gas industry. But there are also other good reasons to improve gender equity in organisations, according to Ernst & Young Partner Amy Poynton.

"There is now an overwhelming body of research that says gender equity can improve financial performance," Ms Poynton said. "Gender equity means you are making good use of both halves of the talent pool."

Before the opening of the APPEA Conference, on Sunday 10 April, Ernst & Young's Perth office is hosting and coordinating a forum, Women in oil and gas: diversity strategies for commercial success.

The forum has already drawn strong attention. Woodside Chief Executive Don Voelte, Australian Financial Review Deputy Editor Catherine Fox and APPEA Chief Executive Belinda Robinson have confirmed their participation as panellists. More panellists will be announced in coming weeks.

The interactive forum will not only offer an exchange of ideas, but will also deliver practical advice recruiting, advancing and retaining female talent, according to Ms Poynton.

"This event offers a fantastic networking opportunity for women and men attending APPEA," Ms Poynton said. "But it will also outline what success looks like for commercial diversity strategies."

In 2011 many Australian-listed companies will be pushed to change their cultures, according to Ms Poynton.

"Amendments to the Australian Securities Exchange's Corporate Governance Council recommendations mean companies will be asked to establish and disclose measurable gender diversity objectives," she said.

"Transitioning is needed across business strategy, workplace management, succession planning, work-life balance, remuneration, retirement age, education, childcare and cultural diversity."

■ The Women in Oil and Gas forum will be held on Sunday 10 April.

■ Registration is available for no extra cost as part of the APPEA 2011 registration, but pre-registration is necessary as numbers are limited.

"...a fantastic networking opportunity for women and men attending APPEA ... But it will also outline what success looks like for commercial diversity strategies"

Asia to step on the gas

This decade Asian markets will become the main source of growth in the international gas trade, according to McKinsey & Company Energy Director Matthew Rogers.

“Demand from China, India and emerging importers will be growing at 8–9 per cent a year,” Mr Rogers said.

Gas, now producing less than 4 per cent of China’s energy, will gain a greater share of the country’s energy mix. Chinese demand is expected to grow by between 55 and 60 billion cubic metres by 2015. India’s growth potential is also huge.

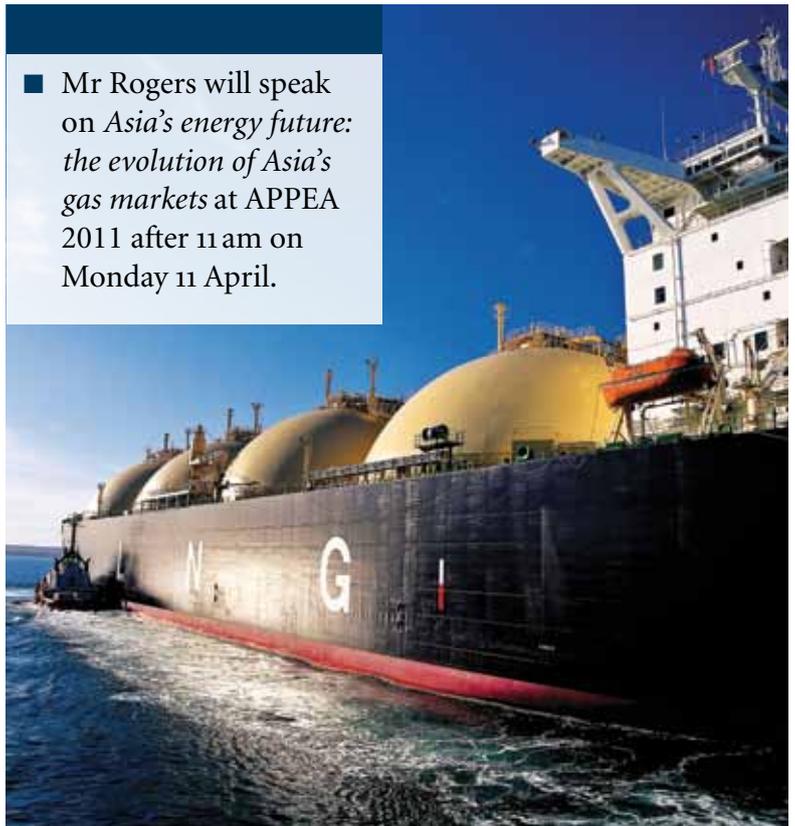
“In the short term, pricing of gas in both countries will be critical to determining global LNG demand,” he said.

“Demand for gas in South East Asia — notably the Philippines, Thailand, Singapore and Indonesia — will also grow as economic growth outstrips the ability of domestic supply to keep pace. Europe’s demand for gas will only grow very slowly, and the US will be self-sufficient based on its unconventional gas.”

Despite Asia’s strong growth outlook, the unconventional gas revolution triggered by the US has created new uncertainty for Australian gas exporters.

China and India have huge shale gas resources, and China has begun an appraisal program, aiming to produce 15 billion cubic metres a year of shale gas by 2020.

■ Mr Rogers will speak on *Asia’s energy future: the evolution of Asia’s gas markets* at APPEA 2011 after 11 am on Monday 11 April.



Asia bound: The growth of Asian markets offers big medium-term opportunities for Australian LNG

Mr Rogers said unconventional gas production in China and India would grow slowly at first, as both countries lack technical capacity.

“But China and India are determined to develop this expertise — and many people are willing to help them,” he said.

“The US has formed an alliance with China to encourage development of domestic shale gas by exchanging technical knowledge and experience. Similar partnerships between national and commercial energy companies are also beginning to emerge, such as a

joint venture between Shell and PetroChina to appraise shale gas reserves.”

China and India will offer significant opportunities to Australian LNG producers in the next decade, he said. But eventually, development of unconventional gas will limit their LNG markets.

“Australian producers should not forget their traditional markets and the other emerging Asian emerging LNG markets — Singapore, Thailand, Indonesia and Philippines,” he said.

On your bike!

APPEA 2011 delegates can start each day at the conference with an exhilarating bike ride through some of Perth's most scenic cycle routes.

The Plan B Pedal will run each morning throughout the conference.

The ride is sponsored by Perth-headquartered wealth management business, Plan B, which has more than 20 years experience of serving oil and gas executives.

Plan B Account Director Darryl Morphett said the ride will let delegates take in the Swan River, Cottesloe Beach and Kings Park.

"Riders will enjoy some of Perth's best scenery and cycling routes, and return to the CBD for coffee and breakfast before the day's conference program starts," he said.

"The ride is ideally suited to the experienced amateur cyclist and each day it will follow a different route."

Participants will gather each morning at the Bell Tower in Barrack Square at the corner of Barrack Street and Riverside Drive. After a quick briefing on the day's route the ride will begin.

Plan B is also the naming rights sponsor of Western Australia's professional road-racing team.

"The ride will be mustered by the Plan B Racing Team," Mr Morphett said. "They will keep everyone on track and ensure a safe and orderly ride. Safety is paramount."

The ride will leave the CBD at 5:45am and return by 7:15. For more information contact Darryl Morphett at Plan B on 0403 755 600 or 08 9324 6065.



The Plan B Racing Team leading the way in the WA State Criterium Championships

Social and networking program

SUNDAY 10 APRIL | 6pm-9pm

Welcome reception

Sponsored by Beach Energy, CGGVeritas, Icon Energy, IDM Partners, Piper Alderman, RPS, S2V Consulting and Vermilion Oil & Gas Australia



MONDAY 11 APRIL | 5pm-6pm

Happy hour in the exhibition hall

Sponsored by CGGVeritas



TUESDAY 12 APRIL | 5pm-6pm

Happy hour in the exhibition hall

Sponsored by Piper Alderman



TUESDAY 12 APRIL | 7.30pm for 8pm

APPEA Conference Dinner

Sponsored by John Holland



WEDNESDAY 13 APRIL | 5pm-7pm

Farewell cocktails

Sponsored by Easternwell Group



THURSDAY 14 & FRIDAY 15 APRIL

2011 Australian Oilfield Golf Tournament

Tee up and enjoy two days of golf on two of Perth's premier golf courses: Joondalup Country Club and Mount Lawley Golf Club. An associated evening function adds to the fun and provides additional networking opportunities.



Back to TOC

2011: Crunch time for climate change policy?

Damian Dwyer

2011 is emerging as a key decision-making year for Australia's climate change policy.

The Australian Government formed the Multi-Party Climate Change Committee (MPCCC) in late 2010 and is currently developing a response to the *Report of the Prime Minister's Task Group on Energy Efficiency*. It also is seeking to implement commitments made during the 2010 Federal Election campaign.

In addition, two key documents — a Productivity Commission study into emission reduction policies and carbon prices in key economies and an update of the Garnaut Climate Change Review — are due in late May.

APPEA is urging that the policies emerging from these processes produce a framework that delivers abatement at least cost and facilitate investment outcomes consistent with there being an international price on carbon.

It is a key question whether any energy efficiency policies can deliver abatement at least cost.

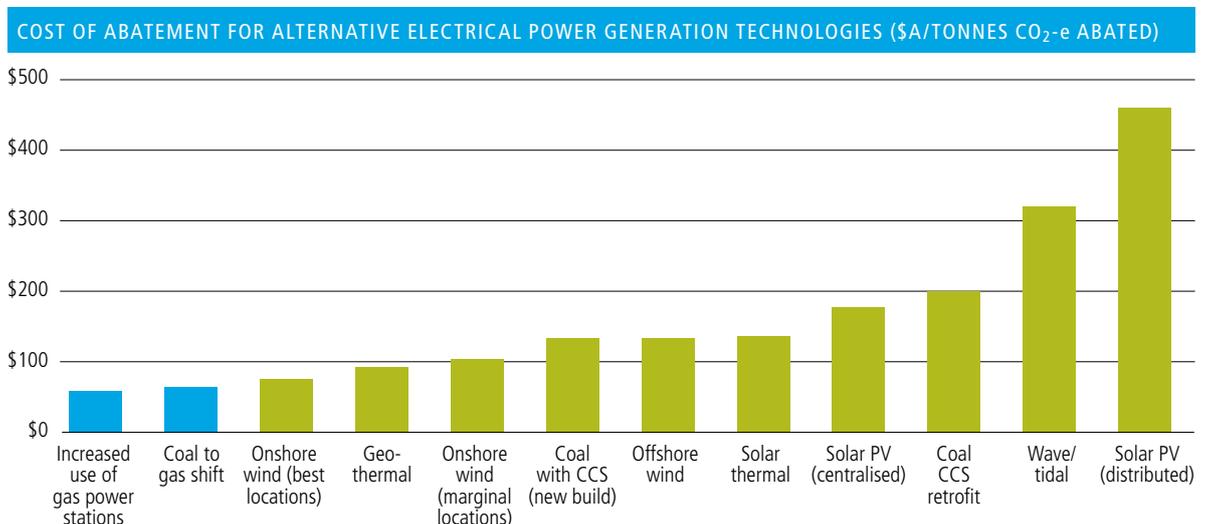
The Productivity Commission study must define 'key economies' appropriately. For liquefied natural gas, key economies must include Australia's LNG competitors, such as Qatar — not countries like China and India. Only by using appropriate comparisons can we quantify the impact of policies on trade-exposed industries.

Australia's natural gas reserves can play a significant role in reducing global greenhouse emissions at low cost

In 2011, Australian politicians should aim for a single national approach to reducing greenhouse gas emissions while also providing stability and sending clear signals to encourage sensible and broad-based investment.

To deliver emissions reductions at the lowest possible cost to the Australian economy, a carbon price should be imposed on the widest possible coverage of emissions using an administratively simple approach that does not impose undue costs on participating companies.

But if Australia acts before comparable action is taken by the nations with which we compete, the approach should maintain the competitiveness of Australian export industries, particularly cleaner global contributor exports such as the LNG industry.



Source: ClimateWorks Australia (2010). Note: The ClimateWorks Australia report does not consider the cost of nuclear power in Australia.



The Longford gas plant

This would require minimising the costs the industry faces in the absence of a carbon price being imposed on higher-emitting energy sources in customer and competitor countries.

Any additional measures targeted at reducing greenhouse gas emissions should only apply to sectors of the economy that are not covered by this single national approach.

APPEA is working hard to make policymakers aware of the role that Australia's natural gas reserves can play in significantly reducing global greenhouse gas emissions at low cost. This could occur both within Australia through the greater use of natural gas (particularly for electricity generation), and throughout the Asia-Pacific region by increasing LNG exports.

A rational and effective climate change response will recognise the role that Australia's gas industry can play in assisting Australia and, through LNG exports, the world move to a significantly less carbon intensive future.

- The Gillard Government has committed to implementing new climate change policies.
- Two key policy reports are due in May.
- Natural gas has a key role to play in delivering affordable emissions reductions, globally and domestically.
- Good policy will deliver abatement at least cost and encourage investment decisions consistent with an international price on carbon.

APPEA ENCOURAGING ACADEMIC EXCELLENCE

Students intending to study for honours, masters or PhD degrees at an Australian university can apply to APPEA for a one-off grant worth up to \$3000.

The Tony Noon Memorial Scholarship is aimed at helping students aspiring to, or considering, a career in upstream petroleum. They can be studying any discipline directly related to the industry, such as geology, safety, engineering, environmental management, economics or law.

APPEA Chief Executive Belinda Robinson said the scholarship was aimed at encouraging academic excellence in areas related to the industry and at highlighting oil and gas career opportunities.

"The industry very much needs more talented young people with appropriate skills and knowledge," Ms Robinson said. "Scholarships such as this send a strong positive message."

- The closing date for applications is **Monday 28 March 2011**. The successful applicant will be notified by the end of April.
- For more information on the Tony Noon scholarship, see the 'About' section of the APPEA website.

CSG sector rides out floods

Matthew Paull

The positive final investment decision for Gladstone LNG, delivered on 14 January, provided some rare good news amid the Queensland floods.

Following on the heels of the final investment decision for BG Group's Queensland Curtis LNG project, this indicates a strong momentum in the Queensland liquefied natural gas sector. GLNG project partners include very large overseas corporations — Malaysia's Petronas, France's Total and Korea Gas. Meanwhile, other proposed CSG-LNG projects are waiting in the wings.

Queensland Premier Anna Bligh said proceeding with projects like GLNG would boost the state's economy as it recovered from the impact of the floods.

Like other Queensland residents, CSG companies have been affected by the floods. But this has not stopped them rolling up their sleeves and working hard to help their communities.

Floods impact CSG operations

CSG field construction and drilling work ground to a halt in many areas. Contractors such as Easternwell Group and Savanna Energy reported that they could no longer transport rigs or reach some of their rigs in the field. Savanna said it appeared that some rigs had been badly damaged and might take months to repair.

Blue Energy halted all activity at its five Monslatt pilot wells after floods affected creek crossings and roads.

However, QGC reported that less than 10 per cent of its wells were shut-in, and Origin said less than 5 per cent of its wells were shut-in. Westside said production was down about 10 per cent. Santos did not halt production at any wells.



An artist's impression of the Gladstone LNG development | PICTURE COURTESY SANTOS



QGC staff and their families working with community members in post-flood clean-up operations

Helping hands

Like other members of their local communities, many CSG company employees had their homes inundated. Several companies provided accommodation and other assistance, including counselling when necessary, to affected staff. Some also accelerated salaries for staff and accounts payable for contractors and suppliers.

Throughout the floods, several CSG companies worked closely with the State Emergency Service and local councils to provide assistance to emergency services and other flood relief work.

APPEA member companies provided accommodation at their camps for emergency workers and evacuated residents, and company helicopters were used for evacuations and delivery medical supplies while freight aircraft were used to support community recovery. Boats, barges and all-terrain vehicles have also been provided for relief work.

Volunteers from among CSG companies' staff have assisted with evacuation and clean-up activities with many companies providing special paid leave for staff to participate in volunteer clean-ups.

So far, CSG companies have donated more than \$2 million to the Premier's Disaster Relief Appeal and other assistance funds, with more donations likely.

The larger CSG companies are also working with councils in the areas of their operations to assess needs and funding requirements. They are reviewing planned social investment in light of changed conditions.

There are fears that the LNG projects will compete for labour with flood reconstruction projects. But Santos says the bulk of the work to be done by the GLNG joint venture this year would be in areas not competing for labour with other LNG projects, such as pipeline construction.

So far, CSG companies have donated more than \$2 million to the Premier's Disaster Relief Appeal and other assistance funds, with more donations likely

Prospective one day, liquid the next

- Positive final investment decisions have been made on two Queensland CSG-to-LNG projects.
- The two-train project at Queensland Curtis LNG (operated by BG Group) is aiming to produce around 8.5 million tonnes per annum (mtpa) of LNG from 2014.
- Gladstone LNG (operated by Santos) is targeting a two-train project producing up to 7.8 mtpa from 2015.
- Other large proposed Queensland CSG-LNG projects include Australia Pacific LNG (Origin Energy and ConocoPhillips) and the Arrow Energy LNG project (Royal Dutch Shell-PetroChina).
- Smaller Queensland LNG projects are also under consideration.

Montara report prompts new approach

Mark McCallum

The Montara Commission of Inquiry's report has found flaws in the application, implementation and administration of the offshore petroleum regulatory regime.

The report favours maintaining the objective-based regulatory regime. But it has highlighted disconnects and duplication in the existing system. These affect safety, integrity, environment and reservoir management.

The commission recommends establishing a single integrated offshore regulatory authority to manage these critical operational areas.

The federal government has moved to implement the bulk of the report's 100 or so recommendations, rejecting only three recommendations. The government will now move to establish two new regulatory bodies by 1 January 2012.

A new regulatory structure for offshore oil and gas

The National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) will be a single integrated independent authority, with a properly functioning board, responsible for safety, well integrity and environmental plans.

The National Offshore Petroleum Titles Administrator (NOPTA) will administer and regulate petroleum titles on federal waters. It will also cover state waters in cases where state governments opt to delegate this role.

APPEA has consistently argued that any new regulatory framework should retain all existing powers and authorities under current joint authority arrangements.

This would maintain a role for state governments in decisions relating to oil and gas developments on federal waters. It would also retain the state ministers' role in determining the circumstances and conditions under which major projects will proceed if they are brought to shore.

Under this system, all ministers would retain existing powers to adjudicate on matters such as retention leases, production licences and exploration permits through existing joint authority arrangements.

But the primary day-to-day technical regulation of the industry and provision of technical advice to federal and state ministers on federal waters would be performed by NOPSEMA rather than state bureaucracies.



Workers at the Mutineer-Exeter field | PHOTO COURTESY SANTOS

Any new offshore regulatory system must:

- provide robust professional oversight of offshore petroleum
- deliver greater regulatory efficiency
- remove duplication within and between jurisdictions
- be subject to appropriate accountability and governance arrangements
- address regulatory failings identified in the Montara Commission's report



CALL FOR PAPERS AND DIARY HOLDER

APPEA NATIONAL ENVIRONMENT CONFERENCE 2011
7-9 NOVEMBER 2011 | HYATT REGENCY, COOLUM, QUEENSLAND

The APPEA Environment Conference 2011 will highlight the environmental issues and opportunities facing the oil and gas industry in Australia as it moves into an unprecedented era of growth. The conference will include presentations on new processes, policies and technology innovations that are allowing the industry to further improve its environmental performance. The conference will also provide essential updates from governments and the latest science on improving understanding of how the industry interacts with the environment and how to better reduce the environmental impacts of the industry.

The APPEA Environment Conference presents a great opportunity to share information, find out about what is happening in the industry, and the implications of new government policies on industry operations. It also provides an opportunity to network with others in the industry, government representatives and non-government organisations.

The Conference Steering Committee is keen to hear from you if you have a presentation on a new innovation, approach or policy and is particularly seeking presentations on:

- Latest environmental monitoring and research with implications for the industry
- Environmental law updates – both new legislation and case law precedents
- Quarantine management – biofouling, ballast water and onshore issues
- New trends in exploration and development and their environmental implications
- Serious incident response planning
- Greenhouse and particularly low cost emission reduction solutions
- Coal seam gas environmental impact assessment, planning, and implications
- Approaches to decommissioning
- Innovative uses of environmental offsets
- Water management solutions for onshore and offshore operations
- Successful community engagement outcomes
- Working successfully with the fishing industry
- Marine planning processes
- Indigenous relationships and cultural heritage management approaches.

Who should come?

The conference is open to all in the industry, governments and its stakeholders seeking to work constructively to understand and improve on the industries environmental outcomes, including:

- Industry professionals with an interest in environmental management
- Environmental researchers and professionals
- Government policy makers and regulators
- Non-government organisations and environment representatives
- Anyone with an interest in the sustainable development and prosperity of Australia.

KEY DATES

15 April 2011

**Deadline for
receipt of abstracts
(presentation titles
and brief descriptions)**

August 2011

Registrations open for
APPEA Environment
Conference

7-9 November 2011

APPEA National
Environment Conference,
Hyatt Coolum,
Queensland

For enquiries and to submit
abstracts please email
environment@appea.com.au

FOR FURTHER INFORMATION AND
UPDATES VISIT THE CONFERENCE WEBSITE
www.appeaenvironmentconference.com.au



- CSTP has been in place since 2010 for both new and experienced workers.
- There are clear signs that CSTP participation is increasing.



CSTP trainers Dave Maclean and Ian Kirk from IFAP and Jodie Bond and Justin Strickland from ERGT visit Vermilion's Wandoo B platform

Playing it safe with common training

Elizabeth Hood

2011 is expected to be a bumper year for participation in the Common Safety Training Program (CSTP).

There will be a huge surge in demand for labour and skills over the next 12 months and beyond. All of these new workers coming into upstream Australian oil and gas must be given a solid grounding in core safety skills.

Experienced workers are now also beginning to undertake CSTP training to ensure that they have an up-to-date grasp of industry-prescribed safe behaviours.

Experienced workers can receive recognition of prior learning for the CSTP off-the-job component and

move straight to the demonstration of the required behaviours.

The CSTP has been in place since 6 April 2010. It is now required for all new starts working on offshore drilling and producing sites. It is also being progressively rolled out onshore with Queensland Gas Company taking the lead in the coal seam gas sector.

Despite the industry's support of the program, the number of people initially entering the program was smaller than expected because of:

- the time required for the major operators to set up the processes to flow-through CSTP obligations to their contractors and sub-contractors and to integrate the CSTP into all of their business processes and procedures

- the time lag between the start of the CSTP, the end of the 2009–10 financial year, for which most businesses had not had CSTP costs included, and the new financial year when CSTP could be integrated into the budget process
- a recent lull in activity in Australia and the subsequent availability of a pool of experienced workers for hire meant fewer new starts were required.

But there are now clear signs that CSTP participation is increasing. By December 2011, 230 new entrants to the industry had participated in training and were in various stages of completing the program's workplace component.



2011 APPEA NATIONAL OIL & GAS SAFETY CONFERENCE

9–10 AUGUST 2011 FOLLOWING THE 8 AUGUST HSR FORUM

NEW IN 2011

APPEA is continuously seeking to enhance the safety conference experience for all delegates.

To increase opportunities for information sharing and networking at the 2011 Oil and Gas Safety Conference, APPEA will:

- host two international keynote speakers
- offer an optional half-day incident investigation skills workshop
- expand the exhibition space
- tailor three concurrent streams to the needs of varying industry sectors.

SUBMISSIONS

If you are interested in presenting, please submit a short abstract of no more than 250 words by Friday, **25 March 2011** to:

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CALL FOR PAPERS

APPEA is delighted to open the call for papers for the 2011 National Oil and Gas Safety Conference, *Safety throughout the lifecycle*. This highly successful event offers something for every member of the oil and gas workforce—from the boardroom to the frontline.

The 2011 conference is your opportunity to contribute to the industry-wide discussion on how to achieve real and sustained improvements in safety performance.

To achieve the next fundamental shift in the industry's approach to safety, the issue must be at the forefront of everyone's mind. It must also be fully integrated into all phases of projects and operations—design, development, construction, installation, commissioning, operation and decommissioning. Highly sought after topics for the 2011 conference include, but are not limited to:

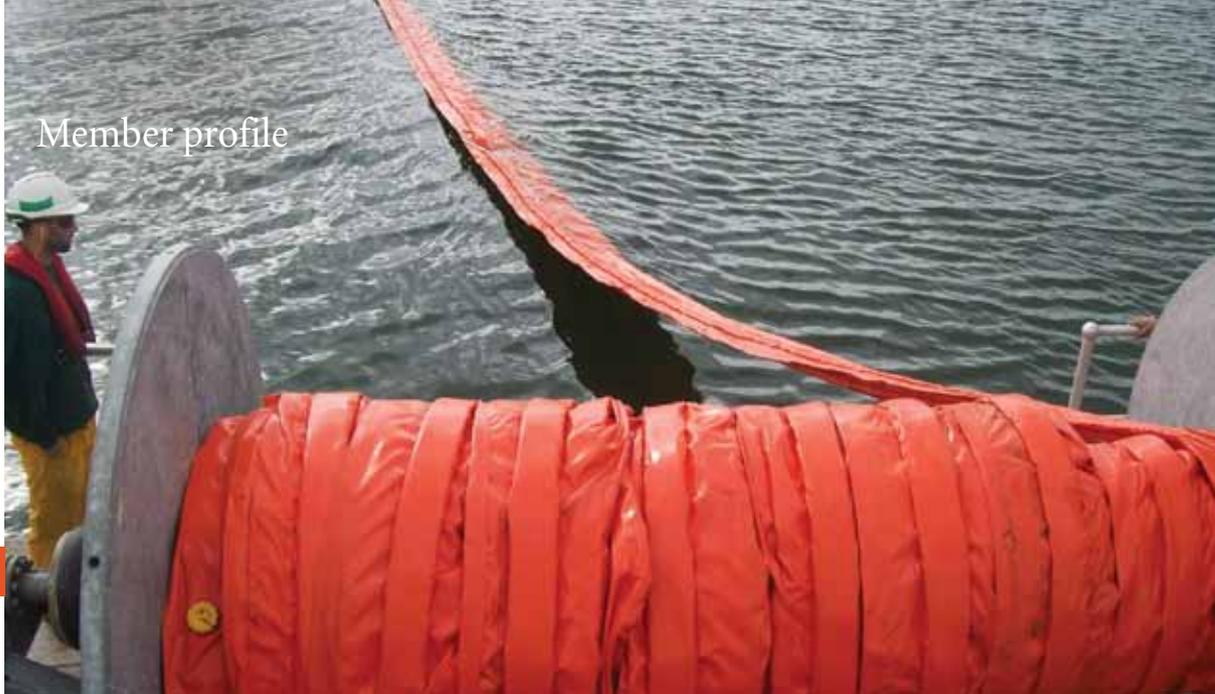
- managing the lifecycle
- building safety into design
- asset integrity—new technology and aging facilities
- major accident events—identification, mitigation and monitoring
- monitoring versus auditing
- 'line of sight' leadership
- the integrated system—the importance of warning signals up and down the line
- competency and job design
- emergency response/management
- process safety management—key performance indicators, developing a process safety culture, understanding process safety hazards and risk, learning from process safety experience
- health and hygiene
- vehicle safety
- fatigue management
- safety initiatives in the following sectors—coal seam gas, well operations and drilling, marine, construction and subsea.

»»» Safety throughout the lifecycle

www.appeasafetyconference.com.au

Member profile

Servicing and testing an OILLEASE boom in Victoria.



Opeam | ASSOCIATE MEMBER

Niche player cleaning up

Melbourne-based Opeam provides specialist services for tackling petrochemical and hydrocarbon spills and other forms of marine pollution.

The company offers specialist training courses, safety services and oil spill and pollution equipment capabilities.

Opeam's original product, the OPEAM oil pollution incident data management system, was developed to enable seamless coordination of different systems in tackling oil spills.

"When users record information in our web-based system, it sends a message to the control team," says Opeam founder and director Colin Moore.

"The system can immediately identify all current trained personnel

and all available marine oil response equipment at multiple locations. It's versatile and flexible, so users can respond to changing situations."

The OPEAM system satisfies maintenance, incident response and audit requirements and it can be incorporated within existing quality management systems, according to Mr Moore.

Opeam's OILLEASE system consolidates all marine pollution spill equipment, repair, maintenance and training into one contract.

"This simplifies dealing with contractors," Mr Moore said. "For one monthly fee, companies can have all the pollution equipment ready and maintained and can move the expenditure off capex and onto opex."

Opeam is now also the Australasian agent for the French-built Ecoceane multi-purpose marine pollution vessels.

These vessels collect floating hydrocarbons and solid waste by filtering water passing through the boats' hulls.

A turbine pulls a stream of water through a tank equipped with a mesh to filter out solid waste.

Hydrocarbons are channelled into a separator and bulk waste is captured in a basket. Clean water is expelled back into the ocean.

But their best feature is their versatility, according to Mr Moore.

Oil pollution boats can often sit unused for much of the time, but these vessels can be used as work boats and crew transfer vessels, making them more cost-effective and ready for rapid deployment if an incident happens.

AUSTRALIAN EXPLORATION ACTIVITY: NOVEMBER 2010–JANUARY 2011



Pitney Bowes Business Insight Australian Exploration Activity Map

For a map of Australia showing the location and status of recently drilled petroleum wells, current petroleum licence coverage, including available acreage, [click here](#).

Map provided courtesy of
Pitney Bowes Business Insight
Tel 02 9437 6255
E-mail pbbi.australia@pb.com
Website www.pbinsight.com.au



Dates for your diary

DATE	EVENT	LOCATION	MORE INFORMATION/TO REGISTER
2011 10–13 April	2011 APPEA Conference and Exhibition	Perth	www.appeaconference.com.au Registrations now open! Early bird registrations available until 25 February
9–10 August	APPEA National Oil and Gas Safety Conference	Perth	www.appeasafetyconference.com.au (following the 8 August HSR Forum)
7–9 November	APPEA National Environment Conference	Coolum, QLD	www.appeaenvironmentconference.com.au
10–11 November	APPEA Taxation and Finance Conference	Coolum, QLD	www.appeataxconference.com.au (APPEA members only event)
Various dates	2011 Introduction to Petroleum seminar series	Various	For specific dates and times see www.appea.com.au/events/ introduction-to-petroleum.html
2012 13–16 May	2012 APPEA Conference and Exhibition	Adelaide	www.appeaconference.com.au

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10-13 APRIL 2011 PERTH CONVENTION AND EXHIBITION CENTRE, WESTERN AUSTRALIA

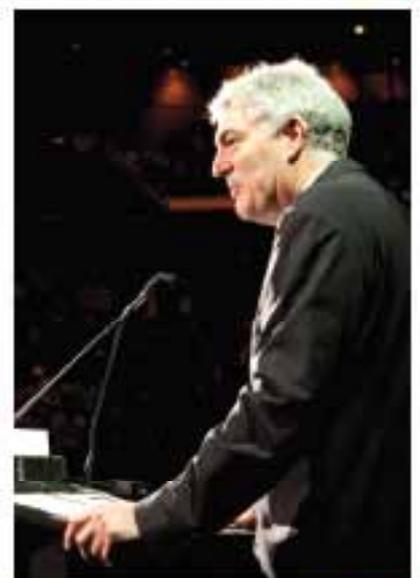


APPEA 2011

CONFERENCE AND EXHIBITION



WHERE THE WORLD MEETS AUSTRALIAN OIL AND GAS



TOMORROW'S ENERGY TODAY

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