

**From CEO Jane Cutler**

The last quarter of 2009 has been an exciting and challenging time for NOPSA.

Since I commenced as Chief Executive Officer in September, NOPSA has been focussed on the aftermath of the uncontrolled release of hydrocarbons from the Montara Well Head Platform. The incident has been investigated and a series of revised safety cases assessed to allow the Operators to reboard the facilities, inspect integrity, plug the well and undertake salvage works. NOPSA's investigation into the incident is culminating in a Brief of Evidence to be submitted to the Commonwealth Department of Prosecutions for their consideration.

NOPSA is also assisting with the Montara Commission of Inquiry by making a formal submission on the incident and providing information requested by the Commissioner.

During this time, NOPSA has deferred some activities so it could deliver its core regulatory functions of assessment, inspection, promotion and liaison to other Operators without interruption.

I continue to engage with our stakeholders to promote the safety of people working on our offshore facilities through discussion and consultation with leaders and representatives from industry, the workforce, unions and other agencies. Insights from these conversations and NOPSA staff are being used to shape NOPSA's agenda and priorities for 2010 and beyond. I will be taking the opportunity to travel to a number of offshore facilities during 2010 and look forward to talking to more people who work offshore.

On behalf of the team at NOPSA I wish you and your families and friends a safe and prosperous 2010.

Industry matters**Single Set of Safety Regulations under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006***

A project undertaken by the Department of Resources, Energy and Tourism (RET) to consolidate and update the safety-related regulations under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* is largely complete. The new regulations are the *Offshore Petroleum (Safety) Regulations 2009* and will be in force from 1 January 2010.

The consolidation repeals the *Petroleum (Submerged lands) (Management of Safety on Offshore Facilities) Regulations 1996*, the *Petroleum (Submerged Lands) (Occupational Health and Safety) Regulations 1993*, and the *Petroleum (Submerged Lands) (Diving Safety) Regulations 2002* and amalgamates their contents into one set of regulations.

In addition to the consolidation and the updating of references to the Act, there are a number of amendments. Including:

- Licensed pipelines are now required to have accepted safety cases. Safety-related aspects will be removed from the *Petroleum (Submerged Lands) (Pipelines) Regulations 2001*, including references to the Pipeline Safety Management Plan and NOPSA.
- Insertion of a list of vessels and structures that are not ‘facilities’ and a separate list of vessels and structures that are not ‘associated offshore places’.
- New regulations for the nomination of operators of a shared facility – designed to anticipate situations where a petroleum facility may become a shared petroleum/greenhouse gas storage facility.
- An amendment to the Schedule relating to *in situ* asbestos. To be consistent with recent amendments to the *Customs (Prohibited Imports) Regulations 1956* which remove import control that applies to ships and installations containing *in situ* amphibole or chrysotile asbestos under specific circumstances. The amendment complements occupational health and safety laws, and does not alter industry’s obligations and responsibilities in respect of providing a safe workplace.
- An obligation on NOPSA to publish certain details of the operator register on its website.

The regulations together with an explanatory statement are available from the Federal Attorney General’s Department Commonwealth Law website (www.comlaw.gov.au).

NOPSA Levies

In accordance with Regulation 52 of the *Offshore Petroleum (Safety Levies) Regulations 2004*, the Chief Executive Officer and Chief Financial Officer met with industry representatives on 26 November 2009 to discuss the cost effectiveness of the operations of NOPSA. The cost effectiveness report and presentation to industry are available on NOPSA’s website (www.nopsa.gov.au/cost_recovery.asp).

Feedback from attendees was positive and key discussion items included:

- NOPSA’s recommendation to increase the safety case levy unit value from \$25,000 to \$26,000 effective from 1 January 2010. This represents a nominal increase ranging from 0.67% to 2.61% based on an Operator with a single facility. In real terms this is well below CPI over the last 5 years. No increase is recommended to the Safety Management System amount. There were no concerns raised with the proposed increase.

- Impact on NOPSA's cashflow and surplus of the recommendations of the Review of Cost Recovery Arrangements and Cost Recovery Impact Statement 2008, issued by the Department of Resources Energy and Tourism in September 2009, due to be implemented from 1 January 2010.
- Forecasts of facility movements as provided by Operators were more uncertain beyond 2 years, due to several Operators not having secured long term commitments for mobile facilities and future projects. NOPSA undertook to continue with its annual consultation with Operators in this regard, prior to assessing the need for future changes in levies.
- NOPSA continues to build its organisation to the approved staffing level of 60 FTEs, and would need to continue to operate at that level as a minimum in order to meet current workloads and programs.

Lessons Learned from the Buncefield Explosion

Deflagration to Detonation Transition

Deflagration-to-detonation transition is the general process by which a subsonic combustion wave (deflagration or flame) becomes a supersonic combustion wave (detonation).

The Buncefield explosion investigation offers some lessons for the offshore industry. The severity of the explosion that occurred in the Buncefield oil storage depot (UK, December 2005) caused the Major Incident Investigation Board to announce that further work was required to identify the mechanism for generating an unexpectedly high explosion overpressure.

A review of similar incidents identified that the explosions at Port Hudson (USA, December 1970) and Ufa (Russia, June 1989) were similar to the Buncefield explosion. In their preliminary report, the Buncefield Explosion Mechanism Project Team, identified the detonation of part of the vapour cloud as a more likely mechanism than deflagration. (www.hse.gov.uk/research/rrpdf/rr718.pdf).

While many of the circumstances of the Buncefield incident are applicable to the offshore environment, the mechanism of deflagration to detonation should be considered as a possible major hazard initiator, especially if existing analyses have been restricted to deflagration events.

Operators are encouraged to review the findings of this report and establish whether 'deflagration to detonation' events are possible on their facilities.

Safety Alert 32

A new safety alert has been published relating to the hazards associated with welding/cutting operations on one side of a deck or bulkhead. These can result in the initiation of a fire on the other (hidden) side. Fires which start in areas that are unattended, inaccessible or are well secured can grow to a considerable size and cause significant damage before they are detected. This safety alert highlights the importance of pre- and post-job inspections, and having appropriately located firewatchers.

Process Safety Leadership Promotion

NOPSA will be conducting some promotional surveys in conjunction with planned inspections focussing on and raising awareness of process safety leadership and culture.

The Process Safety Promotional Survey will comprise:

A Voluntary Offshore Process Safety Culture Survey

- Offshore workers will be invited to complete a safety culture survey during a planned inspection of a facility. They will be given a survey sheet at the beginning of the inspection which can be returned at the end of the inspection or mailed to NOPSA;
- The survey questionnaire identical to the Process Safety Culture Survey which was conducted at the 2009 HSR Forum. This survey was built by BP on the direction of the Baker Panel inquiry into the Texas City Incident in 2005.

A Voluntary Process Safety Leadership Principles Survey

- The survey will consist of a questionnaire to be completed by a member of senior management and is aimed at gauging the operating organisation's structure and behaviour in respect of safety culture and leadership;
- The survey questions are taken from the process safety leadership principles and arrangements, which the Process Safety Leadership Group in the UK has committed to establishing in each of its associated businesses.

The results of both surveys will be compared to industry benchmarks. This may provide insight into:

- How the workforce on a facility feel about their process safety culture;
- The level of priority management place upon process safety;

- How well an operator and its facility compare to others in the industry; and
- Possible areas of concern or improvement for management to consider.

Feedback on the Offshore Process Safety Survey will be provided to the operator of the relevant facilities at liaison meetings between NOPSA and facility operators.

Feedback on the Onshore Process Safety Leadership Survey will be provided directly by NOPSA's CEO to the operator.

International

Canadian offshore helicopter safety inquiry underway

The Offshore Helicopter Safety Inquiry established by the Canada-Newfoundland and Labrador Offshore Petroleum Board is now hearing submissions. Progress and submissions to the inquiry can be accessed through the inquiry website. (<http://www.oshsi.nl.ca>). The inquiry was announced following a helicopter crash in March which claimed the lives of 17 offshore workers.

Regulatory activities

As at 30 December 2009

Assessment

The following assessment activity was undertaken in December

December 2009	Submitted	Notified	Accepted / Agreed	Recalled by Operator/ Returned by NOPSA	Rejected	In Progress
Safety Case NEW	1					6
Safety Case REVISED	4	9	5			12
Diving Project Plan						
Diving SMS NEW						1
Diving SMS REVISED						1
Pipeline SMP NEW	1					1
Pipeline SMP REVISED	1					
Field Development Plan	1					1
Scope of Validation	2	3	3			2
Request for Exemption						
	10	12	8	0	0	23

Inspections

Seven inspections were conducted during December.

Scope items included:

Follow-up previous recommendation	5	Diving Operations	1
Consultation with HSRs	5	Medical Management	1
Emergency Management	6	Asset Integrity	1
Records / Document Control	1	Loss of Containment	1
Maintenance and Repair	2	Vessel Collisions	1
Monitoring , Audit and Review	1	Training and Competency	1
Helideck Operations	2	Permit to Work	1
Electrical Hazards	1	Follow up enforcement actions	1

Incidents and complaints

Seventeen incidents were notified to NOPSA from industry, comprising the following:

MAJOR INCIDENTS	7	SIGNIFICANT INCIDENTS	10
Accidents		Accidents	
Death or Serious Injury		Incapacitation >3 days LTI	2
Dangerous Occurrences		Dangerous Occurrences	
Could have caused Death or Serious Injury	4	Could have caused Incapacitation >3 days LTI	1
Fire or Explosion	1	Uncontrolled HC release >1 - 300 kg	1
Collision marine vessel and facility	2	Uncontrolled PL release >80 - 12 500 L	
Uncontrolled HC release >300 kg		Well kick >50 barrels	
Uncontrolled PL release >12 500 L		Unplanned Event - Implement Emergency Response Plan	5
		Damage to Safety-Critical Equipment	1
		Other kind needing Immediate Investigation	
		Pipelines - Substantial Risk of Accident	
		Pipelines - Kind needing Immediate Investigation	
		December 2009 Total	17

One complaint was received regarding methods used for transfer of hazardous chemicals.

Enforcement

There was one Improvement Notice issued during December for failure to implement and maintain appropriate emergency response procedures and equipment.

Disclaimer: Activity and incident quantities identified here may vary as further information becomes available.

Feedback

We seek your comments and ideas on offshore health and safety regulation, NOPSA's performance or this newsletter. Please send us feedback to: publications@nopsa.gov.au

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