

**From CEO Jane Cutler**

This month has seen key milestones in activities relating to the Montara hydrocarbon release, including the referral of a brief of evidence to the Commonwealth Director of Public Prosecutions (CDPP) and the handing of the Commission of Inquiry's report to the Minister for Resources, Energy and Tourism.

The incidents in the Gulf of Mexico (Deepwater Horizon) and at the Montara wellhead platform are different in many respects, particularly in technical matters. However, they share some common factors prompting regulatory action. Within its safety case assessments and inspections of drilling rigs NOPSA has increased its focus, particularly for floating drilling rigs, on:

- command and control arrangements: in particular communication between the titleholder's and operator's representatives,
- simultaneous operations: including safety-related interface arrangements between titleholders and operators of separate facilities conducting co-located operations, and
- emergency response preparedness: concentrating on drills and the efficacy of evacuation arrangements.

Whilst we are continuing to work with other agencies and industry to promote further actions to assure the safety of people at offshore facilities, the ultimate responsibility for safety lies with facility operators.

## Industry matters

**Montara Hydrocarbon Release**

NOPSA has referred a brief of evidence to the CDPP as part of its investigation into whether occupational health and safety laws were contravened by the operators of the Montara well head platform and the West Atlas rig.

The CDPP will now consider the brief and determine what action to take.

This exhaustive and detailed investigation was launched by NOPSA immediately following the uncontrolled release of hydrocarbons on 21 August 2009 from the Montara wellhead platform. The platform is located in the Ashmore Cartier region in the Timor Sea, about 690 km west of Darwin.

A separate Commission of Inquiry into the Montara incident delivered its final report to the Hon. Martin Ferguson, Minister for Resources and Energy; Minister for Tourism on Friday 18 June.

### **Amendments to Regulations**

Amendments to the *Offshore Petroleum and Greenhouse Gas Storage (Safety Levies) Regulations 2004* and the former *Offshore Petroleum (Safety) Regulations 2009* came into effect on 8 June 2010.

The purpose of the amendments to the *Offshore Petroleum and Greenhouse Gas (Safety Levies) Regulations 2004* is to provide for NOPSA to recover the costs of assessing a safety case submitted at the concept selection stage in a project development, long before activities commence in Safety Authority waters. This voluntary early engagement safety case submission provides for feedback to operators within the existing safety case assessment framework, maintaining the integrity of the overarching 'safety case' regime.

NOPSA policy and guidance notes addressing early engagement safety case assessment are currently under development.

The purpose of the amendments to the *Offshore Petroleum (Safety) Regulations 2009* is primarily to enable NOPSA to provide occupational health and safety regulatory services in relation to greenhouse gas storage facilities and activities, hence the new title *Offshore Petroleum and Greenhouse Gas Storage (Safety) Regulations 2009*. The amendments also provide for flexibility in the timing to agree a scope of validation for facilities proposed to be, or being constructed at a place outside of Safety Authority waters, and are complementary to the amendments to the *Offshore Petroleum and Greenhouse Gas (Safety Levies) Regulations 2004*.

Copies of these amended regulations are available on the [ComLaw](#)<sup>1</sup> website at the following links:

[\*Offshore Petroleum and Greenhouse Gas Storage \(Safety\) Regulations 2009\*](#)

[\*Offshore Petroleum and Greenhouse Gas Storage \(Safety Levies\) Regulations 2004\*](#)

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<sup>1</sup> <http://www.comlaw.gov.au/comlaw/management.nsf/lookupindexpagesbyid/IP200944679?OpenDocument>

### High Potential Incident Alerts on APPEA website

These are distributed by APPEA for the Australian oil and gas industry to highlight learning from incidents.

[Alert 17: Failure of Rotary Swivel Torque Arm Pin](#)<sup>2</sup> – prepared by QGC

[Alert 18: Transport Load Risk](#)<sup>3</sup> – prepared by Arrow Energy

### Asbestos Alert

NOPSA have been advised by the Australian Customs and Border Protection Service of an issue in relation to the importation of construction components containing asbestos. Worksafe WA has issued an [industry alert](#)<sup>4</sup>. While we have no current indication that the gaskets have been used offshore, operators are encouraged to review their procurement procedures.

### HSR Refresher training

It is good practice to involve the workforce in the management of occupational health and safety. It is also a core component of NOPSA's regulations.

The benefits of workforce engagement are best achieved when those involved fully understand the issues, and have the training and skills to be able to deal with them.

For this reason the law requires health and safety representatives (HSRs) to undertake a course of training accredited by NOPSA. The law also requires anyone employing health and safety representatives to permit them to take the necessary time off for such training, without loss of remuneration or other entitlements. HSRs should not be made to undertake the required training in their own time.

The courses accredited by NOPSA cover general occupational health and safety issues and provide components that equip HSRs with the tools to deal with potentially difficult situations, such as conflict resolution skills. Up to date information on current legislation is also provided.

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<sup>2</sup> [http://www.appea.com.au/images/stories/Safety/17\\_-\\_High\\_Potential\\_Inciden\\_Alert\\_-\\_Failure\\_of\\_Rotary\\_Swivel\\_Torque\\_Arm\\_Pin.pdf](http://www.appea.com.au/images/stories/Safety/17_-_High_Potential_Inciden_Alert_-_Failure_of_Rotary_Swivel_Torque_Arm_Pin.pdf)

<sup>3</sup> [http://www.appea.com.au/images/stories/Safety/18\\_-\\_High\\_Potential\\_Inciden\\_Alert\\_-\\_Transport\\_Load\\_Risk\\_2.pdf](http://www.appea.com.au/images/stories/Safety/18_-_High_Potential_Inciden_Alert_-_Transport_Load_Risk_2.pdf)

<sup>4</sup> [http://www.commerce.wa.gov.au/WorkSafe/PDF/Safety\\_alerts/2010/03\\_10\\_Asbestos\\_gaskets\\_in\\_plant.pdf](http://www.commerce.wa.gov.au/WorkSafe/PDF/Safety_alerts/2010/03_10_Asbestos_gaskets_in_plant.pdf)

NOPSA carries out audits of training providers on an annual basis to verify that training is carried out professionally and is of a high standard. Feedback from HSRs who attend this training indicates high levels of satisfaction and that the courses are useful.

Since NOPSA was created, the regulations have undergone a number of changes, which may mean that HSRs' knowledge may be out of date. To maximise the benefits of the HSR role, NOPSA strongly encourages HSRs and their employers to keep knowledge and skills up to date. This may require regular refresher training or updates following significant changes to legislation.

### **Register now for the 2010 HSR Forum**

The [Health and Safety Representatives \(HSRs\) Forum](#)<sup>5</sup> will be held at the Burswood Convention Centre, Perth, on August 10. The forum provides a unique opportunity for offshore HSRs to network, develop their skills and share their own safety experiences, solutions and best practice. Highlights of the forum programme include:

- NOPSA and APPEA feedback on activities since the last forum
- NOPSA update on changes to legislation
- APPEA update on the Common Safety Training Program
- APPEA update on Stand Together for Safety
- an interactive session on communication skills
- presentation risk perception between generations from drilling contractor perspective
- three HSRs will share their tips on how to be an effective HSR
- practical sessions that will cover fatigue and rostering; noise and health promotion

The forum will be followed by [APPEA National Oil & Gas Safety Conference - Safety for Generations](#) (11-12 August). NOPSA will be exhibiting and we will use this event to launch our second Offshore Health and Safety Performance Report, covering industry statistics, trends and observations of the industry since 2005.

### **Operations Maintenance**

Asset integrity is the key to managing major incident risks. [The International Association of Oil and Gas Producers](#)<sup>6</sup> (OGP) report focuses on asset integrity management to reduce major incident risks. Central to this is that all barriers (safeguards and risk

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<sup>5</sup> <http://www.appeasafetyconference.com.au/>

<sup>6</sup> <http://www.ogp.org.uk/>

controls) are implemented and maintained. In relation to the maintenance of critical equipment (hardware barriers), the report provides questions to test the effectiveness of asset integrity management, including:

- performance standards for critical equipment - barrier reliability and availability?
- testing of each barrier or equipment item - records and details of results?
- use of recommended inspection or maintenance frequencies - sufficient records?
- maintenance/inspection backlogs - who is monitoring; what do the records show?

Addressing these matters requires an effective maintenance management system which includes detailed records of job descriptions and work histories that can be accessed and monitored by competent and experienced staff.

Recent NOPSA inspection findings indicate that some facility maintenance management systems do not have adequate job descriptions or work histories and those records cannot be readily accessed by relevant staff. NOPSA encourages operators of facilities to audit and review their maintenance systems to ensure they meet good practice.

As noted by OGP, key performance indicators (KPIs) can be used to evaluate asset integrity performance. The [Centre for Chemical Process Safety of the American Institute of Chemical Engineers](#)<sup>7</sup> has developed a series of process safety leading and lagging metrics (or KPIs), including a mechanical integrity KPI:

*((Number of inspections of safety critical items of plant and equipment due during the measurement period and completed on time / Total number of inspections of safety critical items of plant and equipment due during the measurement period) x 100%. )*

The above mechanical integrity KPI is similar to one of the Tier 4 performance indicators - Operating discipline and management system identified in the [ANSI/API Recommended Practice 754 - Process Safety Performance Indicators for the Refining and Petrochemical Industries](#)<sup>8</sup> and also similar to potential leading indicators for Inspection and maintenance developed in the UK HSE - [Developing process safety](#)

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<sup>7</sup> <http://www.aiche.org/ccps/>

<sup>8</sup> <http://www.api.org/pubs/>

[indicators \(HSG254\)](#)<sup>9</sup>. NOPSA encourages operators of facilities to consider the adoption of this KPI to contribute to improving safety performance.

## International

### **CSB Announces independent investigation of Macondo release**

The United States' Chemical Safety Board (CSB) has advised the US Senate that it will commence an investigation of the root causes of the accidental chemical release that destroyed the Deepwater Horizon rig and took the lives of 11 workers. The investigation will focus on events prior to and including the explosion on April 20 and will remain separate from current investigations of possible breaches of law.

### **Report: Management of major accident risk and governance.**

The Petroleum Safety Authority Norway (PSA) released a [report](#)<sup>10</sup> with findings from an extensive audit of management systems relating to maintaining an overview of, and working to reduce the risk of major accidents. Eleven companies were audited and results are documented and summarised in this report.

### **Verdict: Buncefield Explosion**

The Health and Safety Executive (HSE) have secured convictions against five companies involved in the largest fire in peacetime Europe which occurred in December 2005. These companies had failed to protect workers, members of the public and the environment. The HSE reiterated that "the scale of the explosion and fire at Buncefield was immense and it was miraculous that nobody died. Unless the high hazard industries truly learn the lessons, then we may not be that fortunate in future".

### **Brazil orders review of safety procedures**

National Agency of Petroleum, Natural Gas and Biofuels (ANP) ordered a review of safety procedures at oil companies drilling in Brazilian waters in the wake of the Deepwater Horizon accident. Well-control systems employed by the oil companies were targeted, with the information to be reviewed by the ANP. Some companies were asked to re-evaluate their emergency plans and submit documentation of their ability to respond in case of emergency.

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<sup>9</sup> <http://www.hse.gov.uk/pubns/books/hsg254.htm>

<sup>10</sup> <http://www.ptil.no/news/report-management-of-major-accident-risk-and-governance-article6786-79.html>

## US directive; federal agency has been renamed

The US Department of the Interior issued a [directive](#)<sup>11</sup> to oil and gas operators on the Outer Continental Shelf implementing stronger safety requirements.

The Minerals Management Service (MMS), a bureau within the US Department of the Interior, is now the Bureau of Ocean Energy Management, Regulation, and Enforcement (BOE).

## Regulatory activities

*As at 25<sup>th</sup> June 2010*

### Assessment

The following assessment activity was undertaken in June.

June 2010						
Assessment Type	Submitted	Notified – but still in progress	Notified - Accepted / Agreed	Notified - Rejected	Stopped / Recalled	In Progress
Safety Case NEW	1	2			1	8
Safety Case REVISED	6	3	1			11
Pipeline SMP NEW*	1	1				1
Scope of Validation	3	2	3			6
	11	8	4		1	26

\* State waters.

### Inspections

Eight planned inspections were conducted in June.

Scope items covered included:

- Loss of Containment
- Themed Audit - Contractor Management
- Themed Audit - Emergency Response
- Vessel Collision
- Confined Space Entry: Controls and Procedures
- Loss of Containment - hydrocarbon release in the wellhead area
- Management of Change

<sup>11</sup> <http://www.doi.gov/news/pressreleases/Interior-Issues-Directive-to-Guide-Implementation-of-Stronger-Safety-Requirements-for-Offshore-Drilling.cfm>

## Incidents

24 accident and dangerous occurrences, and no complaints were reported, comprising:

MAJOR INCIDENTS	No.	SIGNIFICANT INCIDENTS	No.
<b>Accidents</b>		<b>Accidents</b>	
Serious injury		Incapacitation LTI >3 days	1
<b>Dangerous Occurrences</b>		<b>Dangerous Occurrences</b>	
Could have caused death or serious injury	2	Could have caused an LTI >3 days	2
Fires or explosions	1	Hydrocarbon gas releases >1 to 300 kg	1
Collision marine vessel and facility		Petroleum liquid releases >80 to 12 500 L	1
Hydrocarbon gas releases >300 kg	1	Well kick >50 barrels	
Petroleum liquid releases >12 500 L		Unplanned Event - Implement ERP	7
		Damage to Safety-Critical Equipment	6
		Other needing immediate investigation	2
<b>Major Sub-total</b>	<b>4</b>	<b>Significant Sub-total</b>	<b>20</b>
<b>INCIDENTS TOTAL</b>			<b>24</b>
<b>COMPLAINTS TOTAL</b>			<b>0</b>
<b>JUNE 2010 TOTAL</b>			<b>24</b>

## Enforcement

A brief of evidence was referred to the CDPP in relation the Montara incident.

Two written warning / advice actions were initiated in June; one for non-compliant lifting equipment and one for lifeboat coxswain competency.

*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](mailto:publications@nopsa.gov.au).

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