

OHS Improvement Notice

Offshore Petroleum and Greenhouse Gas Storage Act 2006, Schedule 3 clauses 78, 78A and 78B

Notice No: 1926

Date: 28/11/2023

To: FTAI Pride Labuan Ltd

In conducting an OHS inspection in relation to the Pride facility, I [REDACTED], a NOPSEMA inspector appointed under section 602 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (the Act), am satisfied on reasonable grounds that

FTAI Pride Labuan Ltd (FTAI) has contravened a provision of a listed OHS law and is likely to contravene that provision again

AND

As a result, there is, or may be, a risk to the health or safety of a person at the Pride facility.

I am satisfied that FTAI has contravened a provision of a listed OHS law and is likely to contravene that provision again is Cl. 13(1)(b) of Schedule 3 to the OPGGS Act.

The reasons for my opinion are:

FTAI as the suppliers of the Pride facility, breached their duty to take all reasonably practicable steps to carry out, or cause to be carried out, the research, testing and examination necessary to discover and to eliminate or minimise any risk to health or safety arising from the condition of the main crane. This included FTAI failing to:

- ensure that the operator, V.Ships Offshore (Asia) Pte Ltd [V.Ships], greased, inspected, and maintained the crane wire which would have ensured the wire was discarded with an appropriate remaining margin of safety. This resulted in the failure of the Pride crane wire on 19 September 2023.
- cause V.Ships to examine and carry out greasing of the crane wire in accordance with the work order required under the maintenance system. FTAI did not cause V.Ships to move the vessel to a suitable water depth to allow greasing of the working length of the wire as evidenced by records of Pride facility personnel deferring to FTAI on questions about when and where to grease the crane wire. As a result, the wire was only greased to 900m in April 2023 despite there being an opportunity to grease the wire to 1300m during the beacon deployment on 23 January 2023 in accordance with the facility maintenance system instructions to grease a minimum of the working length of the wire plus five wraps.
- ensure that V.Ships carried out a thorough annual inspection of the crane wire in accordance with the ISO 4309:2010 standard identified in the Pride facility planned maintenance system work instruction for crane wire inspections. Specifically, FTAI failed to ensure that the inspection conducted during the beacon deployment to 1300m on 23 January 2023 was conducted in accordance with the ISO 4309:2010 standard. Specific failures identified in NOPSEMA's inspection include:

- a. failing to ensure the wire was cleaned of grease before it was inspected, preventing detection of any damage, broken wire, or corrosion;
 - b. failing to conduct a thorough inspection of, at a minimum, the working length of the wire plus five wraps of wire around the main winch drum;
 - c. failing to consider the effect or presence of fretting corrosion from the unlubricated section of wire, and failing to measure the actual diameter of the crane wire for comparison against the nominal and reference diameters of wire;
 - d. failing to adequately inspect the section of main crane wire around 1300m, which was the area with the most potential to have been damaged during the crane sheave bearing failure incident on 13 October 2022.
- Ensure V.Ships was carrying out annual, thorough non-destructive examination by means such as magnetic rope testing specified in the Pride facility planned maintenance system. Instead, V.Ships used destructive testing on samples of cut-back wire.

I am satisfied that FTAI is likely to contravene Cl. 13(1)(b) of Schedule 3 to the OPGGS Act again because they do not currently have a system in place for verifying whether V.Ships is testing or examining the crane wire in accordance with the facility maintenance system. I am therefore satisfied that FTAI will continue to not take all reasonably practicable steps to carry out, or cause to be carried out, the research, testing and examination necessary to discover, and to eliminate or minimise, any risk to health or safety that may arise from the condition of the crane wire for the following reasons:

- FTAI has continued to rely on V.Ships, despite V.Ships having previously failed to appropriately inspect, audit, or maintain safety critical equipment on the facility (see Improvement Notice #1905,);
- During the course of the inspection, it appeared that FTAI was not aware of the issues with examination of the crane wire, such as using destructive testing to satisfy non-destructive examination requirements;
- Further well intervention operations from the Pride facility involving the same well intervention equipment which will involve the use of the crane wire is likely to be conducted in the future.

As a result of this contravention, I am satisfied that there is, or may be, the risk to the health or safety of any person from dropped objects resulting in death or serious injury following a failure of any crane or associated equipment during lifting activity on the Pride facility.

I am satisfied on reasonable grounds that the following action(s) must be taken by FTAI to reduce or prevent the risk:

1. Complete a root cause analysis to determine the reason for the failure of the main crane wire on 19 September 2023. Demonstrate to NOPSEMA that the root cause analysis has identified the failure and that the corresponding remedial actions have been implemented.
2. Engaging suitably competent persons from the vessel class society, the main crane original equipment manufacturer, and/or some other appropriate third party with expertise in the maintenance of offshore cranes to conduct a comprehensive audit and review of the Pride planned maintenance system for both the main and auxiliary cranes. Provide evidence to NOPSEMA to confirm that all necessary tasks are captured in the planned maintenance system and that those tasks are scheduled at an appropriate frequency with the correct instructions and specifications for parts and consumables.

3. Provide evidence to NOPSEMA of closure of all outstanding actions necessary to repair the crane to meet the minimum safety requirements specified by the main crane original equipment manufacturer in manuals, instructions, or survey reports. These actions include the replacement of memory cards, repair or replacement of slewing motors, greasing of main boom bearings, calibration of the main winch spooling device, calibration of the hook stop down function, functionality of the main winch auto lubrication, and ensuring that the main winch rotation does not exceed the maximum speed.
4. Conduct a review of the facility competency management system to ensure that the system provides all facility personnel responsible for crane maintenance are competent. Demonstrate to NOPSEMA the actions identified to close any gaps or deficiencies in competency and how these actions have been implemented.

You are required to take action to reduce or prevent the risk within 90 days from the date of this notice.


NOPSEMA INSPECTOR
wA771604

07 December 2023

When the required action(s) has been completed, the Responsible Person is to submit this part of the notice to the following person via:

Post: Level 8, 58 Mounts Bay Road
Perth WA 6000

Email: submissions@nopsema.gov.au

Name: [REDACTED]
Position: **NOPSEMA INSPECTOR**
Contact number: +61 8 6188 8700

By signing below, I confirm on behalf of FTAI Pride Labuan Ltd that the specified action described in Improvement Notice No. 1926 has been undertaken within the period specified.

Signed: _____

Date: _____

(to be signed by responsible person only when the notice has been complied with)

Notes

1. Under clause 78A of Schedule 3 to the Act, a responsible person who fails to ensure that this notice is complied with, to the extent that it relates to any matter over which the responsible person has control:
 - a. commits an offence and may be liable to a penalty of 300 penalty units for the offence; or
 - b. contravenes a civil penalty provision and may be liable to a civil penalty of 400 penalty units.
2. For every day proceeding the initial offence or contravention the notice is not complied with, the responsible person commits an offence or contravention in respect of each day (including a day of a conviction under this clause or any later day) during which the offence or contravention continues.
3. A copy of this notice must be displayed in a prominent place at or near each workplace where work affected by the notice is being performed. It is an offence to tamper with or remove it until the notice has ceased to have effect.
4. The recipient of this notice must ensure that all relevant requirements for giving copies of the notice to certain persons and representatives are complied with in accordance with cl 78b to Schedule 3 to the Act.
5. Under clause 80A of Schedule 3 to the Act, any of the following persons may request the reviewing authority in writing to review the NOPSEMA inspector's decision:
 - the operator of the facility;
 - the titleholder, if the notice is issued to a titleholder;
 - any person to whom an improvement notice has been issued;
 - an employer, if affected by the decision;
 - a relevant health and safety representative; a relevant workforce representative, if requested by a member of the workforce affected by the decision;
 - a person who owns any workplace plant, substance or thing to which the NOPSEMA inspector's decision relates.