



MINUTES
NOPSEMA Advisory Board Meeting 37
Wednesday 24 February 2021
Tamala Meeting room + Teams Video Meeting

Chair	Ken Fitzpatrick	Minutes	[REDACTED]
Participants	Trish Kerin (TK); Melinda Hodkiewicz (MH); Anthea Tinney (AT); Chris Blackmore (CB); Andrew Hopkins (AH); Stuart Smith (CEO)		
Present	Agenda item 8 –Marie Illman (MI), General Manager, Offshore Resources [Department of Science, Industry, Energy and Resources Observer] Agenda Items 11 and 12 – Derrick O’Keeffe (DO), Head of Division, Safety and Integrity		
Apologies	Nil		
ITEM	TOPIC		
1.	Welcome and apologies		
	[REDACTED] commenced the meeting at 8:35am. [REDACTED] were present in the meeting room, with [REDACTED] participating via video conference.		
2.	Disclosure of interests / conflict of interest declarations		
	No new items were declared.		
3.	Confirmation of minutes of Meeting 36		
	[REDACTED] advised of a typographical error. The amendment was agreed and the minutes of meeting 36 were accepted.		
4.	Actions and issues arising		
	The actions items were reviewed and all items will be complete at the end of this meeting.		
5.	Correspondence for noting		
	Noted.		
6.	For Information: Update from Board members		
	[REDACTED]		
7.	For Information: [REDACTED] – including NOPSEMA Quarterly Report and update on recent developments		
	<p>The reports tabled by [REDACTED] were taken as read. [REDACTED] provided a verbal update on current developments including:</p> <ul style="list-style-type: none"> • The adjournment of the DoF Subsea proceedings to 9 February was to determine a date when the hearing could be held, which will now be 2 June. The case was deferred due to a lack of magistrates which is causing delays. • The Eni mid-depth buoy had been removed and the General Direction had been closed. • The Esso Bass Strait Environment Plan (EP) under review encompasses all their assets in the Bass Strait which is approximately half of all facilities in Australia. The EP was first submitted in October 2019 and has been an extremely complicated assessment. • Chevron had complied with the General Direction issued in relation to the integrity of Wheatstone pressure vessels integrity. 		

	<ul style="list-style-type: none"> • NOPSEMA had arranged a workshop with the CEOs of Esso, Shell and Eni to have a without prejudice discussion on late life asset transfers. It was noted that ISO 55001 provides guidance on asset management and decommissioning and could be suggested as a resource. • Woodside was issued a General Direction to decommission and abandon wells associated with Nganhurra offshore operations; remove property; adequately maintain equipment. • The workforce of Maersk Drilling had appreciated the prompt response by NOPSEMA for inspectors to investigate the failure of drilling equipment. Despite having been through multiple quality assurance checks the drilling equipment was found to not meet the requirements for the equipment standard. A General Direction had been issued to both Inpex and Maersk Drilling. • Jadestone was issued a General Direction for the management of corrosion at the Montara facilities. • NOPSEMA was continuing to monitor Triangle Energy following the announcement of the closure of the Kwinana Refinery. The facility currently poses no safety or environmental risks however their cash flow will be impacted unless a buyer for their product can be identified. Triangle is actively seeking long term options, including aggregating with others to export or a possible micro-refinery in Geraldton. The Board noted Triangle is a small operator and without steady cash-flow from ongoing operations, funding decommissioning is likely to present difficulties. • Regular interaction with Unions has continued and remains positive. The most recent discussions have been on the topic of Covid-19 vaccinations and whether vaccinations would be mandatory for the offshore workforce. Industry is seeking to adopt a common policy via APPEA. Current health advice does not indicate mandatory vaccinations. • The date for release of the Five Yearly Operational Review was not yet available. A workshop had been held with the Department of Industry, Science, Energy and Resources (DISR) to discuss the process. Overall the feedback on the review process and Deloitte's had not been complimentary. The Department of Agriculture, Water and Environment (DAWE) had also been dissatisfied as the report had not reflected the success of the arrangement between DAWE and NOPSEMA in relation to NOPSEMA's role in relation to the EPBC Act. The Board commented that its interview with Deloitte had not met their expectations for this type of review process. ██████ advised NOPSEMA will support the recommendations in the report and noted they were largely actions that NOPSEMA had already identified to progress. • The conferences for the International Regulator's Forum (IRF) and International Offshore Petroleum Environment Regulators (IOPER) had been deferred until 2022 with mid-year meetings to be held virtually in 2021. Australia remains the preference to host the conferences.
8.	<p><i>For Information: Policy Update</i></p>
	<p>█████ joined the meeting by Teams video conference at 10:05am. The report was taken as read and the following highlights were noted:</p> <ul style="list-style-type: none"> • Matters relating to Covid-19 were still taking a significant amount of time, particularly in relation to visa issues for critical offshore maintenance personnel. • The Government has announced it will decommission the Northern Endeavour and a global open tender process had commenced. DISER had sought expertise and advice to run the process from Commonwealth public service agencies such as the Departments of Defence and Finance. Approximately 25 submissions had been received on the decommissioning policy framework. The responses were being considered and a decision is expected to be made by ██████ in the first quarter of 2021. A draft bill was being prepared that would address items such as trailing liability and change of management or control of the executive of organisations.

- The Department continued to work closely with NOPSEMA on financial assurance and it was clarified that the Joint Authority would remain responsible for the issuing of petroleum licences. The Board noted the recent Productivity Commission report stated that financial assurance was leading practice and more effective than insurance to prevent outcomes such as had occurred with the Northern Endeavour facility.
- The policy framework from the Offshore Safety Review should be finalised in the second quarter of 2021.
- The contractual arrangements with Deloitte for the Operational Review had been completed and Deloitte were expected to provide the report to the Minister in mid-February. The Government's response to the report was anticipated to take approximately six months. A copy of the report will be provided to the Board once it has been tabled.
- The Department and NOPSEMA had been asked to appear jointly at the Seismic Inquiry hearing on 18 March.
- Progress was continuing to develop a framework to help improve interactions between the petroleum industry, seismic operators and the fishing industry.
- The Department was continuing to monitor Triangle Energy's situation following the closure of the BP Kwinana refinery [REDACTED].
- Potential candidates for new Board members had been reviewed by the Department and were with [REDACTED] for consideration.
- The Department advised the final decision to grant an exploration license offshore Newcastle, NSW, was the responsibility of [REDACTED] and it was noted the permit will not allow carbon capture and storage activities in place of exploration.

[REDACTED] left the meeting at 11:35am.

ACTION: [REDACTED] to send Board members a link to the Productivity Commission report.

9. Strategic Discussion Topic 1: Change management

[REDACTED] provided an overview of the impact of NOPSEMA assuming responsibility for financial assurance for all offshore petroleum activities throughout the life-cycle of a project. This potentially required NOPSEMA to establish a completely new function that would be similar in scale to the addition of environmental management or well integrity responsibilities to the former NOPSAs. The Board's views were sought on what actions could be taken to ensure attention was maintained on existing core functions and manage that transition to minimise disruption.

Board members agreed it would be a significant additional responsibility which will require commensurate funding to ensure it could be established effectively and efficiently. It was noted that clear lines of responsibility would be needed and a matrix or RACI chart could be developed to identify where the financial assurance functions and processes overlap with existing functions and processes, particularly at key decision points.

The Board noted that the addition of new responsibilities could also provide an opportunity to trial new ways of working (e.g. use of digital infrastructure) and that agencies such as the Australian Prudential Regulation Authority and Commonwealth Department of Treasury may be able to provide guidance. [REDACTED] stated he had discussed the possibility of secondments and guidance with the Economic Financial Regulator of WA.

[REDACTED] advised the matter of establishment funding had been raised with DISER who had been generally supportive. [REDACTED]

The Board agreed that an "organisational change" approach should be adapted to the introduction of the new function, with a formal assessment of risks, (and corresponding controls and mitigations) be undertaken-similar to a bow-tie analysis.

	<p>The aim is to improve focus on Process Safety management and through this influence process safety culture in Dutyholders and Contractors.</p> <p>The Board agreed the intent was not to create and manage a large database of information but to use the process of asking for the data as a prompt to get duty holders to collect it and also to provide a wider range of information to the inspectors than is currently considered during inspections.</p> <p>The Board recommended NOPSEMA inspections hold operators to account for producing information relevant to the proposed indicators (or their proxies as already used by each company) and then if the indicators are not made available or the values/ relevant information are deemed unacceptable, then the NOPSEMA executive to raise any resulting issues at executive level with titleholders.</p> <p>The Board noted that the review of the information proposed by the Board paper on Process Safety indicators (items 1,2,3) would also inform the risk assessment work currently underway within NOPSEMA as they move away from fixed interval inspections to risk-based inspections.</p> <p>ACTION: The working group to revise the process safety leading indicators paper to clarify the discussion that the process safety indicators (qualitative and quantitative) outlined should be retained by operators at a facility level, and made available to NOPSEMA inspectors when requested.</p> <p>ACTION: The working group will circulate the paper for further discussion and feedback in June meeting.</p> <p>ACTION: The Board requested [REDACTED] to raise Board’s concerns with industry’s process safety performance and lack of commitment to reporting process safety lead indicators with APPEA Directors at next meeting (in week of 1 March 2021) and provide feedback on industry response.</p>
12.	<p>For Discussion: Regulatory intelligence insights from inspections</p>
12.1	<p>[REDACTED] provided insights from inspections over the past 12 months and advised there were three current areas of focus:</p> <p>Covid-19: industry have managed operations in the pandemic very well, however longer term issues remain, particularly due to the disruptions caused by border restrictions, the reduced hours worked offshore, the relocation/reduction of personnel and the mental health impacts of these matters. NOPSEMA would continue to monitor the impacts on personnel, supported mental health initiatives and will examine the performance of organisations that may be under financial stress due to low commodity prices.</p> <p>Asset integrity: inspectors were reviewing recent equipment failures under categories of maintenance or quality assurance, design and operation issues to determine whether any common themes could be identified.</p> <p>Control of work: [REDACTED] also outlined insights from well integrity arising over the past 7 years (2013 -2020) highlighting non-compliance with permissioning documents including examples from Esso, BHP, Conoco, Woodside, Quadrant, [REDACTED], BP and Shell. [REDACTED] flagged an improvement in awareness of well integrity with examples drawn from [REDACTED] to Quadrant (2016) to Woodside (2018) directly attributed to management of change associated with pore pressure predictions.</p> <p>The loss of experience in the contract workforce over the last twelve months appears to be resulting in a gap in communication and expertise between drilling contractors and facility operators (i.e. the interface between the control of work and management systems). NOPSEMA will continue to highlight the issue via industry and regulatory forums. The Board agreed it was important that senior personnel in organisations are made aware of these issues and take responsibility for implementing corrective actions.</p> <p>NOPSEMA noted that offshore hours worked from May 2019 to May 2020 had decreased by 27% year on year and personnel hours had not rebounded since COVID restrictions had eased in 4Q 2020. This sustained decrease in offshore hours leads to safety concerns associated with deferred maintenance.</p> <p>During 2020 there were a number of enforcement actions undertaken against companies including ENI, Chevron, Diamond, Woodside, Shell, Inpex, [REDACTED] for a range of non-compliance matters. For example:</p>

	<ul style="list-style-type: none"> • Beach - failure to take all reasonably practicable steps to ensure that the facility crane was safe and without risk to personnel • Jadestone - general direction to manage corrosion • Woodside - general direction to abandon wells associated with Nganhurra offshore operations; remove property; adequately maintain equipment • Shell - design defects associated with valve isolation in production operations; critical safety equipment was isolated during drilling operations • BP - critical safety equipment was incorrectly operated during drilling operations • Chevron - inadequate equipment design and maintenance in production operations <p>These and the other incidents identified by inspectors indicate that the organisations' internal processes are not effective. This was described by [REDACTED] as the organisations having "green lights on the dash boards and red lights in the basement". The Board was concerned that latent hazards unnoticed by the duty holders may lead to a future major accident event (MAE) (multiple fatalities). Personal safety is trending to historical lows and environmental performance is satisfactory, but process safety incidents which could lead to a MAE have increased and are occurring across a wide range of duty holders.</p> <p>The Board was advised that NOPSEMA escalated critical incidents to industry management for action as required.</p>
12.2	For Discussion: Update on transition to providing conclusions rather than recommendations
	<p>[REDACTED] provided an overview of progress on the transition to providing conclusions rather than recommendations after facility inspections. The new approach ensures the transfer of risk to the duty holder. Inspection reports present conclusions that each duty holder must respond to rather than recommendations for action. This results in a clearer line of accountability within the company and a clearer path for escalation to ensure compliance. Inspections were now being scheduled on a risk basis rather than annualised basis.</p> <p>The Board noted that this was a significant change to NOPSEMA's inspection process and should be included in the workforce management plan previously discussed.</p> <p>The Board agreed this was a positive initiative and thanked [REDACTED] for the update. [REDACTED] left the meeting at 2:30pm.</p>
13.	Any Other Business
	<ul style="list-style-type: none"> • Review and Update of Board Functions and Membership Policy The updates to the policy were agreed. [REDACTED] to publish the document as a final version. • IRF/IOPER Leadership roles [REDACTED] sought member's views on the suggestion that NOPSEMA could [REDACTED] forums for a two year term. [REDACTED] <p>[REDACTED] acknowledged the comments from the Board and stated NOPSEMA would seek to continue on the management committee for both forums.</p> <p>ACTION: [REDACTED] to publish the Board Functions and Membership policy.</p>
14.	Board only discussion
	[REDACTED] left the meeting at 2:50pm and returned at 3.05pm.
15.	Review of action items and items for letter to [REDACTED]
	<ul style="list-style-type: none"> • Offshore maintenance - 27% decrease in offshore hours-impact on maintenance • Process safety focus to be addressed with APPEA Directors • Adequate time resources for implementing NOPSEMA organisational change

	Close
	<p>██████████ thanked members for their participation and closed the meeting at 3:25pm. Next Meeting – Wednesday 23 June 2021</p>