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Department of Tourism, Industry and Resources

Industry House
10 Binara Street
Canberra ACT 2601

Dear Linda

**INDEPENDENT REVIEW OF THE NATIONAL OFFSHORE PETROLEUM SAFETY AUTHORITY
2008**

Thank you for allowing Woodside the opportunity to provide a submission as input to the Independent Review of the National Offshore Petroleum Safety Authority 2008. Woodside are pleased to participate in the review process through this submission.

In general, Woodside supports the formation of NOPSA and the activities undertaken by NOPSA. In particular we support the introduction of a national safety regulatory regime and the rationalisation of the Health and Safety regulation in the offshore petroleum industry.

Woodside has recently participated in the Commonwealth Government P(SL)A Regulations Consolidation Review and fully supports the intent to eliminate duplication and simplify the structure of the regulations. Several of the recommendations made in the regulations consolidation report are related to NOPSA's activities and accountabilities under the P(SL)A. We have not re-addressed these issues in this submission, however if you require further comment from Woodside please give me a call.

Woodside have a number of comments relating to our dealings with NOPSA and the national safety regulatory regime which should be considered by the review panel. These are outlined in the paragraphs below.

Legislation and Guidelines

The current legislation is reasonably robust and supports the implementation of successful health and safety, however the supporting documentation is insufficient to achieve the goal setting regime NOPSA are aiming for. There is a strong requirement for the provision of supporting authoritative requirements and guidelines to the P(SL)A to ensure success across the industry and to improve the efficiency and effectiveness of NOPSA. It is important that there is a distinction between authoritative requirements and guidelines to ensure Operators are aware of mandatory requirements. This has been highlighted in the regulations consolidation report. Key examples of where supporting documents are required include:

- Preparation and revision of Safety Cases – a consultation process was held in late 2006 on the structure and content of Safety Case guidelines, however these have yet to be finalised. Key requirements in these guidelines should include how Operators can achieve the balance between generic vs activity specific controls and what is required to be submitted to NOPSA for acceptance without imposing additional load on NOPSA with several Safety Case re-submissions.
- Definition of Associated Offshore Facilities and their relationship with AMSA - there has been confusion among the industry on who has regulatory control over associated offshore facilities.
- Offshore Accommodation standards – NOPSA issued a recent discussion paper on this topic which was of poor quality. Any further authoritative documents in this area need to be clear on

mandatory requirements, how to demonstrate ALARP for welfare type issues, how standards are to be implemented for existing facilities, etc.

- Scope of Validation - the validation process within the P(SL)(Management of Safety) Regulations requires further review and guidance to industry including clear guidelines on who is “independent” and the timing for agreeing scope of validation.
- Terminology for reporting of failures – Woodside has some concerns with the definition of “damage to safety critical equipment” in terms of failure and the reporting expectation to NOPSA. It is recognised that different “Operators” (as seen through participation in Joint Ventures) interpret this differently and there is a lack of clear understanding of this definition across industry.

Introduction of supporting authoritative requirements and guidelines will limit the potential for the regulations being open to interpretation by industry and NOPSA Case Managers. Woodside has had several experiences of different approaches being adopted by different Case Managers which has been exacerbated by organisational changes in NOPSA.

Any supporting requirements and guidelines should be formally issued such that they become key industry reference documents.

The timing of issue of such supporting documentation is critical as it would be extremely unfortunate if it takes a major incident to drive getting these complete as has been seen in other industries and other parts of the world. The review panel should consider the adequacy of NOPSA resources to deliver this documentation and how the industry can assist in the process.

Within the legislation itself there are some areas which have resulted in significant issues on definition and interpretation and there is a strong requirement to provide further information in these areas. Specific examples include:

- Definition of “Operator” and the accountabilities of “Licence Holder” – there is significant confusion within some areas of the industry on the application of regulations and who is accountable eg drilling, subsea, construction. The guidance on Operator in day to day control has failed to keep up to date with industry contracting strategies eg lease of FPSOs. Clear definitions and accountabilities should be issued to reinforce the distinction between “Operator” and “Licence Holder”.
- The requirement to have a Safety Case to cover all activities has caused some confusion in conjunction with the definition of operator. The main area of confusion has been in the requirements for submission and acceptance of Design, Construction and Operations Safety Cases and who is accountable. Further clarity is required in this area.
- The mechanism within the legislation for engagement of NOPSA is through the Scope of Validation process. This does not allow for engagement of NOPSA early in the project realisation process when significant decisions are made which affect the health and safety of personnel. This has led to confusion and often difference in interpretation between NOPSA and Woodside on key design issues and content of Field Development Plans. Further clarity in this area is required.
- While there is requirement in the P(SL)A to undertake Health Risk Assessment there is no mechanism for this to be submitted to NOPSA. Woodside has chosen to prepare Health and Safety Cases which include a formal health assessment for major health hazards. We have found this to be beneficial internally to the Company, however have often found it has been the main area of assessment in safety case response notes. Woodside believe that as health is a key part of the regulations there should be a mechanism for NOPSA to review Operator’s demonstration of good health management and this should be consistent across the industry.
- Legislation around Health and Safety Rep (HSR) elections is overly complex and further work is required in supporting HSRs. This has been commenced through APPEA, however NOPSA need to play a key role.

Consistency

Woodside has experienced some difficulties with NOPSA in terms of inconsistency of approach to Safety Case requirements and responses. As above, this may be exacerbated by limited supporting documentation to Case Managers however it is something which needs to be addressed. As a major

oil and gas company, Woodside has several assets and are working towards a common approach across all these assets and would appreciate support from the regulator in this area. Key areas where Woodside have experienced changing requirements are in the submission of Construction Safety Cases and the level and format of Safety Case response notes.

Consistency of responses for a specific Safety Case is also important both from Woodside and NOPSA. There have been several examples where NOPSA Case Managers have changed their approach during project realisation eg Woodside has experienced changes in expectations after Scope of Validation has been agreed, Woodside has agreed timing and content of Safety Cases with NOPSA early in a project to later find a change in these requirements being requested by NOPSA. Woodside appreciate that we work in a changing environment, however such changes can cause significant impact on a project schedule and often lead to resource constraints. Improvements in this area need to be thought through and discussed with Operators.

The timing of acceptance of Safety Cases is often inconsistent across NOPSA and not necessarily in line with the P(SL)A. While Woodside has experienced some early Safety Case acceptances we have an example of a 9 month delay in acceptance for 5 year Safety Case submission. This is not acceptable for industry and can lead to confusion among the workforce.

It is often seen that the NOPSA Case Managers are outcome focussed eg “don’t like the solution”, rather than process focussed as they should be given the legislation. Again increasing focus on the process of demonstrating good health and safety may be achieved through the delivery of supporting requirements and guidelines.

While there has been some significant improvement over the past 3 years on the relationships between NOPSA and Designated Authorities, there are still some areas of conflict. This has been raised in the regulations consolidation report and should be further reviewed as part of the NOPSA independent review. Examples of conflict areas include pipelines (Pipeline Management Plans), field development planning, drilling and completions (WOMP).

Inspections

Inspections, in general, have been conducted well by NOPSA through using Major Accident Events as the guidance for such inspections. There is also good evidence that NOPSA have a strong planning process for inspections. However, Inspectors are tied by the legal requirement to document everything seen and it is difficult to get a concise priority of key issues to address.

Incident Investigations

Woodside welcome NOPSA in their role to be part of incident investigations, however Woodside believe NOPSA should not participate in Operator’s Investigation teams, rather they should conduct their own investigations independently to ensure robustness in the process especially if there is potential for prosecution. Clear guidance should be provided on NOPSA’s responsibilities in this area and all incident investigations should have a terms of reference provided to the Operator.

General

Unlike the UK there is no dedicated offshore industry body (similar to UKOOA) to support NOPSA. It is recognised that APPEA does contribute to this role, however APPEA is not dedicated to the offshore industry. Given the volume of work in preparing supporting requirements to the regulations and the limited resources in NOPSA it is recommended that the Industry considers the formation of a dedicated offshore industry body.

Woodside appreciate the need to educate and familiarise NOPSA personnel with our operations and facilities and are willing to assist NOPSA in this area. However, there needs to be a clear distinction between education/familiarisation visits and formal NOPSA visits. Achieving this distinction would allow for a more collaborative and open approach between NOPSA and industry.

NOPSA has clearly shown an ability to respond to industry concerns since its introduction eg the enforcement procedure has been updated to reflect Woodside concern of engagement in the process.

Once again we wish to thank you for the opportunity to provide a submission to the NOPSA independent review. Woodside would welcome an opportunity to meet with the review panel and/or yourself to discuss our submission in more detail.

Should you have any questions with regard to the points made above then do not hesitate to give me a call.

Yours sincerely

Mhairi Angus
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