



Montara Commission of Inquiry

The Australian community has every right to expect that governments, regulators and the offshore petroleum industry implement actions that ensure that through all stages of the life cycle of an offshore petroleum activity, including exploration, development, production and decommissioning, that activities are conducted safely and in a manner that protects the environment.

The 21 August 2009 uncontrolled release at the Montara Wellhead Platform in the Timor Sea (Montara) and the 20 April 2010 Gulf of Mexico (Deepwater Horizon) incidents have highlighted the need to ensure that Australia's offshore petroleum regulatory framework is strengthened to reinforce high standards of safety of workers and the environment.

The Montara Commission of Inquiry

As part of the immediate response to events at the Montara Wellhead Platform, the Minister for Resources and Energy, Martin Ferguson AM MP moved amendments to the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* to allow for the establishment of the Montara Commission of Inquiry. Details of the Inquiry were announced on 5 November 2009.

The Montara Commission of Inquiry had all the powers and authority of a Royal Commission under the *Royal Commissions Act 1902*. The Inquiry's terms of reference included the investigation of and a report to Government on:

- The likely cause(s) of the incident;
- The adequacy and effectiveness of the regulatory regime, including approved safety, environment and resource management arrangements;
- The performance of relevant persons in carrying out their obligations under the regulatory regime;
- The adequacy of response requirements and the actual response to the incident;
- The environmental impacts as a result of the incident, including reviewing environmental monitoring plans; and
- The offshore petroleum industry's response to the incident and the provision and accessibility of information concerning the incident to stakeholders and the Australian community.

The Inquiry was tasked with providing recommendations to government, regulators and industry on measures which would mitigate against incidents similar to Montara occurring in the future and aim to alleviate the safety, environmental and resource impacts of such incidents.

Mr David Borthwick AO PSM was appointed as the Commissioner for the Montara Commission of Inquiry by the Minister for Resources and Energy. Mr Borthwick retired from the position of Secretary of the Department of the Environment, Water, Heritage and the Arts in 2009 and had previously served within the Treasury, Health, and Prime Minister and Cabinet portfolios.

Montara Fact Sheets

- 1 Australia's Offshore Petroleum Industry
- 2 Australia's Offshore Petroleum Regulatory Framework
- 3 Incident and Response
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- 6 Map: Montara Wellhead Platform
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For more information: www.ret.gov.au/montarainquiryresponse

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The Montara Commission of Inquiry received over 180 submissions and heard evidence from 15 witnesses during the public hearings that were held in Canberra from 15 March to 16 April 2010. Witnesses included representatives from Seadrill Limited, the drilling company engaged by PTTEP Australasia (Ashmore Cartier) (PTTEP AA), contractors and subcontractors to PTTEP AA, representatives from PTTEP AA, and officers from the Northern Territory Department of Resources and the Australian Maritime Safety Authority.

The Commissioner presented the *Report of the Montara Commission of Inquiry* on 18 June 2010 to the Minister for Resources and Energy.

A copy of the *Report of the Montara Commission of Inquiry* can be obtained from www.ret.gov.au/montarainquiryresponse

Details relating to the Montara Commission of Inquiry process, including submissions and transcripts of the public hearings are available at www.montarainquiry.gov.au

Legal action and the Montara incident

Consistent with the proven approach taken by the Australian Transport Safety Bureau the Montara Commission of Inquiry received evidence on a "no blame" basis.

The Montara Commission of Inquiry was conducted within the same legislative framework as a Royal Commission, meaning that the Commissioner was not bound to apply the rules of evidence and accordingly a person cannot be prosecuted for an offence on the basis of their evidence to an inquiry.

Independent of the Inquiry, relevant regulatory processes have instigated investigations to determine whether any non-compliance with the law has occurred, and whether any measures to seek penalties and other sanctions should be pursued.

Report of the Montara Commission of Inquiry and the Draft Government Response

The Government has undertaken a thorough, detailed consideration of all of the findings and recommendations of the *Report of the Montara Commission of Inquiry*.

The Report's 100 Findings and 105 Recommendations are directed at the offshore petroleum industry's well operations and activities; strengthening of the offshore petroleum regulatory regime in areas of well regulation and environmental monitoring and management; and future incident response arrangements.

The draft Government response proposes to accept 92 recommendations, note 10 recommendations and not accept three recommendations. The three recommendations proposed not to be accepted primarily relate to actions and information that are already required by the regulatory regime or are technically inappropriate. The noted recommendations generally relate to aspects already addressed within the regulatory regime or issues which are primarily operational matters for the offshore petroleum industry to address.

In finalising its response to the *Report of the Montara Commission of Inquiry*, the Government will be undertaking a three month comprehensive stakeholder and community consultation period. This consultation will fully inform the Government's final response to the *Report of the Montara Commission of Inquiry*.



A copy of the Government's draft response is available at www.ret.gov.au/montarainquiryresponse

Details on how to make a submission on the draft Government's Response to the *Report of the Montara Commission of Inquiry* can be found at www.ret.gov.au/montarainquiryresponse

Australian Government action following the Montara incident

The Government response to the *Report of the Montara Commission of Inquiry* will build on actions taken to date in response to both the Montara and Gulf of Mexico incidents.

In addition to the Montara Commission of Inquiry process the Government has:

- requested the Northern Territory Government (as the delegated Designated Authority) undertake a review of the status of wells suspended by PTTEP at the Montara Wellhead Platform;
- moved amendments to the Offshore Petroleum and Greenhouse Gas Storage Act to enhance the safety and integrity regulation for offshore petroleum activity;
- considering the findings and recommendations arising from the US Department of the Interior's report on increased safety measures for energy development on the outer continental shelf, for relevance for Australian legislation and regulations; and
- requested all Designated Authorities to undertake a compliance review of existing well approvals.

The Minister for Resources and Energy has acted in respect of two pressing issues arising out of the Montara Commission of Inquiry public hearings; the first concerns PTTEP AA's continuing operation in Australia and the second relates to the regulatory activities of the Northern Territory Department of Resources.

In consultation with its parent company, PTTEP developed an Action Plan which PTTEP AA submitted to the Montara Commission of Inquiry, to comprehensively address the technical and governance issues identified through the Commission of Inquiry process. The Minister directed his Department to commission an independent review of this plan. The review will include issues going to corporate governance and implementation.

On 6 September, the independent review commenced. The independent review process will provide the Minister with advice as to whether that the Action Plan, once implemented, will ensure that PTTEP AA's operational and procedural measures meet industry best practice standards. It will also provide recommendations to support more generally achievement of industry best practice standards by the Australian offshore petroleum industry. The final Report of the Independent Review is due by the end of the year

The Minister has also agreed a plan of action with the Northern Territory Government which outlines key areas of action to be implemented by the Northern Territory Department of Resources, in cooperation with the Department of Resources, Energy and Tourism.

Action points include but are not limited to:

- Co-assessment of approval decisions by interstate regulators, primarily WA;
- Review of delegation processes and procedures; and
- Closer liaison with the Department of Resources, Energy and Tourism and Geoscience Australia.



The Department of Resources, Energy and Tourism has also initiated a framework to work with all Designated Authorities on a consistent approach to the regulation of Australia's offshore petroleum industry in the areas of well operations, environment and integrity.

Additional measures are being put in place to ensure the delegate of the Designated Authority is appropriately skilled and informed, including adequate resourcing of the Department of Resources regulatory functions. The Northern Territory Department of Resources is undertaking a recruitment drive to find people with appropriate technical skills in offshore oil and gas exploration and development to address the immediate need – with a longer term strategy to be identified.

At the same time a comprehensive review of the integrity of the wells at the Montara well head platform has been undertaken and work is now underway to remove the West Atlas drilling rig from the Montara Wellhead Platform.

Offshore Petroleum Industry Response

Following the Montara and Macondo incidents, the industry has also performed its own safety checks and reviews. These cover well plans, drilling processes, blow-out contingency plans, testing frequencies and training regimes for personnel. A key element of this work was to clarify company operational practices and methods of communication onshore and offshore to prevent miscommunication.

Woodside has recently shared with Government its practices for Drilling and Oil Spill Response efforts. Shell, Chevron, ConocoPhillips and ExxonMobil have also publicly announced plans for a combined rapid response system for deepwater well blowouts. These actions are in addition to individual improvements undertaken by operators.

The Department of Resources, Energy and Tourism continues to work closely with its counterparts in the United States to ensure that the lessons from the Gulf of Mexico are also applied in Australia.