



Environment Institute of
Australia and New Zealand Inc.

ABSTRACT SPECIFICATIONS

Title:

Offshore Oil and Gas Industry Face New Compliance Measures

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Abstract:

Since the 2009 'Montara' incident, involving the worst uncontrolled release of hydrocarbons of its kind in the history of Australian's offshore petroleum industry, the energy sector has undergone significant legislative reform. The *Federal Government Response to the Report of the Montara Commission of Inquiry 2011* led to the establishment of the National Offshore Petroleum Safety and Environmental Management Authority (**NOPSEMA**), with responsibility to investigate and report on offshore environmental management practices.

The environmental management of offshore petroleum activities is regulated by the *Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth)* and its regulations. The regulations are an objective-based regulatory regime that requires that the environmental impacts and risks of petroleum activities are reduced to 'as low as reasonably practicable and an acceptable level'. Titleholders are required to demonstrate how environmental protection will be achieved through the implementation of appropriate performance mechanisms best suited to the particular petroleum activity. Titleholders are assessed against environmental performance outcomes, standards and measurement criteria set out in an environment plan.

As a result of recent legislative changes based on recommendations by the Montara Commission of Inquiry, NOPSEMA has wider powers of investigation and compliance monitoring while titleholders are subject to an express 'polluter pays' obligation, new financial assurance requirements and alternative enforcement mechanisms.

The paper will consider:

- The 'polluter pays obligation' and transfer of responsibility for compliance from operator to titleholder
- The duty on titleholders to notify NOPSEMA of 'reportable' and 'recordable' incidents
- Financial assurance requirements that must be satisfied by titleholders prior to the acceptance of an environment plan

- NOPSEMA's role in issuing directions and environmental prohibition and improvement notices, and
- New enforcement mechanisms, including civil penalty provisions, graduated criminal penalties, daily penalties and adverse publicity orders.