

GRANT OF A PIPELINE LICENCE & RELATED MATTERS

A guideline in relation to the Offshore Petroleum and Greenhouse Gas Storage Act 2006

Prepared by the Commonwealth Department of Industry, Innovation and Science

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PLEASE NOTE: as of 1 January 2012 the National Offshore Petroleum Titles Administrator (NOPTA) is the first point of contact on all titles administration matters relating to offshore petroleum and greenhouse gas storage.

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1 OBJECTIVE

- 1.1 The objective of this guideline is to assist the petroleum industry to understand the requirements, indicative timing and process leading to the determination (grant or refusal) of a pipeline licence under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (“the Act”) and associated regulations.

Note: Following the commencement of the *Offshore Petroleum and Greenhouse Gas Storage (Resource Management and Administration) Regulations 2011* (“RMA Regulations”), Pipeline Management Plans are no longer required in reflection of the incorporation of pipelines into the Safety Case regime.

2 SCOPE

- 2.1 The Act should be consulted in the first instance as the binding legislative instrument encompassing the offshore petroleum and greenhouse gas pipeline regulatory framework. Pipeline licences are granted under the Act while the regulations provide an objective-based system for the regulation of safety and environmental management of offshore petroleum and greenhouse gas pipelines.
- 2.2 This guideline provides a company seeking to establish and maintain an offshore petroleum or greenhouse gas pipeline with an overview of the relevant assessment and approval processes. It also outlines the roles of the applicant and Government comprising the National Offshore Petroleum Titles Administrator and the relevant Commonwealth and State/Northern Territory (“NT”) members of the Joint Authority and their respective Departments.
- 2.3 This guideline only applies to a pipeline to the extent that it is located in Commonwealth waters.
- 2.4 This guideline allows for consideration of applications on a case-by-case basis consistent with the Act and regulations.

3 DEFINITIONS & INTERPRETATION

Where possible, technical terms used in this guideline are consistent with those defined in the Act and associated regulations.

The following terms used in this guideline have the following meanings:

Environment Plan has the meaning assigned to it in Regulation 4 of the Environment Regulations.

Environment Regulations means the Offshore Petroleum and Greenhouse Gas Storage (Environment) Regulations 2009.

Greenhouse gas pipeline means a pipe (or part of a pipe), or system of pipes (or part of a system of pipes), in an offshore area for conveying a greenhouse gas substance, other than a greenhouse gas injection line, a greenhouse gas infrastructure line, a greenhouse gas facility line or a pipe (or system of pipes) that is specified in the regulations.

Joint Authority means the relevant Commonwealth Minister with responsibility for offshore petroleum matters (or his delegate under the Act) and the relevant State/NT Minister (or his delegate), where applicable.

NOPSEMA means the national regulator for offshore petroleum activities, being the National Offshore Petroleum Safety and Environmental Management Authority.

NOPTA means the National Offshore Petroleum Titles Administrator, as the technical adviser to the Joint Authority and administrator of petroleum and greenhouse gas titles.

Petroleum pipeline means a pipe (or part of a pipe), or system of pipes (or part of a system of pipes), in an offshore area for conveying petroleum (whether or not the petroleum is recovered from an offshore area), other than a secondary line.

Safety Case has the meaning assigned to it in Regulation 1.5 of the Safety Regulations.

Safety Regulations means the Offshore Petroleum and Greenhouse Gas Storage (Safety) Regulations 2009.

Technical report means an internal government working document which is prepared by NOPTA in response to a pipeline licence application and provided to the Joint Authority to guide and assist in the decision-making process on a pipeline licence application. The technical report is not provided to the proponent.

4 ROLE OF GOVERNMENT

- 4.1 The Australian Government has a responsibility to ensure that present and future generations of Australians derive optimum benefit from the petroleum resources of the seabed in the Commonwealth offshore marine jurisdiction.
- 4.2 The Australian Government also has a responsibility to provide assurance to the community that offshore petroleum operations, including the regulation of the construction and operation of pipelines and other associated structures, are undertaken in accordance with 'good oilfield practice'. This includes measures to adequately safeguard health and safety; protect the environment; and minimise disruption to other legitimate uses of the sea.
- 4.3 The Australian Government also has a responsibility to provide a regulatory framework that protects community interests while at the same time addresses industry needs.
- 4.4 To this end, the Australian Government has adopted regulatory frameworks that promote objective-based compliance requirements. The objective-based regime provided in the Act and associated regulations requires the licensee to identify potential hazards and risks to the integrity of petroleum production operations and propose appropriate measures to prevent and/or mitigate those hazards or risks to a level 'as low as reasonably practicable'
- 4.5 Under the offshore petroleum legislative framework, the Joint Authorities are responsible for key petroleum title decisions in Commonwealth offshore waters. The Joint Authorities, comprising the Commonwealth and the relevant States/NT Ministers, cooperate in the administration of petroleum activities, and are supported by NOPTA and by their respective Departments.

- 4.6 Where a pipeline crosses more than one jurisdiction, an application must be submitted for each jurisdiction in order to gain separate approvals from the respective jurisdictions. NOPTA and the relevant state/NT agencies will consult during the decision-making process.

5 DESIGN AND PRE-CONSTRUCTION

- 5.1 A pipeline licence is required to construct, reconstruct, alter and operate a pipeline in an offshore area for the purposes of conveying either petroleum or greenhouse gas substances; to construct and operate pumping stations, tank stations and valve stations associated with the pipeline; and to carry on other operations or works as necessary to the pipeline.
- 5.2 The applicant must specify the pipeline design and route selection in the pipeline licence application.
- 5.3 The applicant should consider the following matters in determining an appropriate location and design for a petroleum or greenhouse gas pipeline:
- Location and type of facility the pipeline is connecting to and from;
 - Locations of military zones, fisheries and other competing uses of the area;
 - Appropriateness of materials for construction of the pipeline given the corrosivity of substances to be conveyed (e.g. natural gas, water, chlorides, hydrogen sulphide, carbon dioxide etc);
 - Characteristics of the substance proposed to be conveyed;
 - Constructability of the proposal, including but not limited to, pipe material, size, wall thickness, composition of fluid and capacity, maximum operating pressure, maximum and minimum design temperatures, pipeline stability and corrosion protection;
 - Estimated duration of pipeline design development and construction and start-up of operations;
 - Meteocean and sea-bed conditions;
 - Other relevant regulatory requirements e.g. environmental assessment; and
 - Future petroleum development and potential tie-ins in the vicinity of the proposed pipeline.
- 5.4 These early considerations will assist the licensee to develop a clear understanding of issues that would affect the proposed pipeline.

6 GRANT OR REFUSAL OF A PIPELINE LICENCE

- 6.1 Requirements for pipeline licence applications are prescribed in Part 2.6 of the Act and summarised at Attachment A of this guideline.
- 6.2 The operator should submit three (3) hard copies and two (2) electronic copies of the application to NOPTA. If any additional information is required by NOPTA or the Joint Authority, NOPTA will seek to request this information from the applicant within two (2) weeks of the receipt of the application.
- 6.3 NOPTA is responsible for reviewing the pipeline application and preparing a technical report for the Joint Authority, from which the Joint Authority decides

whether to grant or refuse the pipeline licence, and any conditions to which the licence may be subject.

- 6.3.1 In the process of assessing the application, NOPTA will consult with relevant Commonwealth agencies and stakeholders including: the Department of Defence; the Department of Sustainability, Environment, Water, Population and Communities (DSEWPaC); the Australian Fisheries Management Authority (AFMA); the Australian Maritime Safety Authority (AMSA); Telstra Corporation; the National Native Title Tribunal; and relevant Native Title Representative Bodies.
- 6.4 NOPTA will provide the technical report to the State/NT member of the Joint Authority for consideration within five months of the application being accepted as providing sufficient information for the assessment.
- 6.5 The State/NT member of the Joint Authority will consider the technical report and other relevant advice and provide the state/NT member's decision on the pipeline application to the Commonwealth member of the Joint Authority via NOPTA.
- 6.6 The Commonwealth member of the Joint Authority will consider the technical report and other relevant advice, and the decision of the State/NT member of the Joint Authority, to reach a joint decision.
- 6.7 The Joint Authority will determine whether a pipeline licence should be granted under sections 221 or 222 of the Act or refused under sections 223 or 224 of the Act. The Joint Authority (via NOPTA) will then issue a Notice of Intent to Grant a Pipeline Licence ("offer document") or a Notice of Refusal to Grant a Pipeline Licence.
- 6.8 The Joint Authority may impose on the grant of a pipeline licence any conditions thought appropriate. The conditions must be set out in the licence and should not replicate existing legislative or regulatory requirements. Conditions can specify that the pipeline construction must be completed within a certain period.
- 6.9 All pipeline licences are granted subject to the following inherent conditions, which need not be specified in the licence:
 - (i) A pipeline licensee must not operate the pipeline to convey a greenhouse gas substance unless the Joint Authority has given approval under section 213 of the Act.
 - (ii) A pipeline licensee must comply with the regulations, including any third party access to services by means of the use of greenhouse gas pipelines under section 212 of the Act.
- 6.10 Where the applicant receives an offer document, the applicant has 90 days in which to accept or reject the offer. The applicant indicates acceptance of the offer by submitting a request to NOPTA under section 260 of the Act for the grant of the pipeline licence. The submission of a request under section 260 indicates the applicant's acceptance of the conditions on the pipeline licence as outlined in the offer document. If the applicant does not request the grant of the pipeline licence within 90 days, the offer will lapse.

- 6.11 The pipeline licence comes into force as from the date of the instrument issued by the Joint Authority. NOPTA will arrange for formal notification of the grant of the licence in the government gazette.
- 6.12 The pipeline licence provides the licensee with the legal title to construct and operate the pipeline in accordance with the route and specifications in the licence. A pipeline licence remains in force indefinitely. However, the Joint Authority can terminate a pipeline licence under section 215 of the Act if no construction work has been carried out under the licence or the pipeline has not been used for a continuous period of five years.

7 CONSTRUCTION AND OPERATION

Pipeline route

- 7.1 If the pipeline route is not exactly as specified in the pipeline licence, the licensee must seek a variation before the pipeline is completed and before the pipeline commenced operations.
- 7.2 A licensee must inform both NOPTA and the Australian Hydrographic Office in writing of the exact route followed by the pipeline by the earlier of 14 days after the day that construction of the pipeline is completed or the day before the pipeline is operated.

Pipeline incident

- 7.3 A licensee must give written or oral notice to NOPTA if a reportable incident occurs in relation to a pipeline as soon as practicable after first occurrence of the incident or detection of the incident by the licensee. A “reportable incident” is defined in Regulation 12.06 of the RMA Regulations.
- 7.4 The licensee must submit a written report on the reportable incident to NOPTA within three days after first occurrence of the incident or detection of the incident by the licensee. The incident report must address the criteria in Regulation 12.06 of the RMA Regulations.

Interference with other rights

- 7.5 A licensee carrying on activities in an offshore area under a pipeline licence must not interfere with any activities of another person being lawfully carried on by way of exploration for, recovery of or conveyance of a mineral (whether petroleum or not), or construction or operation of a pipeline, to a greater extent than is necessary for the reasonable exercise of the rights and performance of duties of the licensee.
- 7.6 A licensee must also ensure that their activities do not interfere with navigation, fishing, conservation of the resources of the sea and seabed or the enjoyment of native title rights and interests within the meaning of the Native Title Act 1993 to a greater extent than is necessary for the reasonable exercise of the rights and performance of the duties of the licensee.

8 OTHER APPROVALS: SAFETY CASE & ENVIRONMENT PLAN

- 8.1 In addition to the grant of a pipeline licence, the applicant must seek acceptance of a Safety Case from NOPSEMA under the Safety Regulations prior to the construction, installation, operation, modification, maintenance or decommissioning of the pipeline. Further information is available from NOPSEMA.
- 8.2 The titleholder must nominate in writing to NOPSEMA a person to be the operator of a 'facility' prior to any construction, installation, operation, modification, maintenance or decommissioning in Commonwealth waters. A licensed pipeline is a 'facility' for this purpose (see Schedule 3 of the Act).
- 8.3 A revised Safety Case must be submitted to NOPSEMA every five years; or following a change of circumstances or operations as outlined in Regulation 2.30 of the Safety Regulations; or on the request of NOPSEMA.
- 8.4 When submitting the Safety Case for approval by NOPSEMA, the applicant should include a copy of the pipeline licence application.
- 8.5 Under the *Environment Protection and Biodiversity Conservation Act 1999* ("EPBC Act"), an action that is likely to impact upon a matter of national environmental significance is subject to a rigorous referral, assessment and approvals process. A company proposing to construct or operate an offshore petroleum or greenhouse gas pipeline may refer the proposal to SEWPaC to determine whether the proposal is a 'controlled action' under the EPBC Act.
- 8.6 If the proposal is determined to be a controlled action, based on the preliminary information provided by the company, the Commonwealth Minister for Sustainability, Environment, Water, Population and Communities ("Environment Minister") will direct an appropriate level of environmental impact assessment of the proposal. The Environment Minister's approval of the proposal usually provides for environmental conditions that may have implications for the construction and/or operation of the pipeline. Therefore, the Joint Authority may take the Environment Minister's conditions into consideration prior to the grant of the pipeline licence.
- 8.7 If the company chooses not to refer the proposal to SEWPaC, the Joint Authority will consider the licence application on its merits and may grant a licence without reference to EPBC approval conditions.
- 8.8 An operator will still be required to address environmental considerations under the Environment Regulations prior to commencing the construction and operation of the pipeline. Prior to commencing a petroleum or greenhouse gas activity, an operator must seek environmental approval under the Environment Regulations through the submission of an Environment Plan to NOPSEMA. Further information on Environment Plans is outlined in the Guideline for the Preparation and Submission of an Environment Plan. Definitions of 'petroleum activity' and 'greenhouse gas activity' can be found in Regulation 4 of the Environment Regulations.

9 ASSOCIATED MATTERS

Conveying Greenhouse Gas Substances

- 9.1 An existing petroleum pipeline licensee may apply for approval from the Joint Authority to convey a greenhouse gas substance through a petroleum pipeline in an offshore area.
- 9.2 The application will be assessed on its own merit, and there is no predetermined entitlement for an existing pipeline licensee to be given approval to convey greenhouse gas substances through the pipeline.

Ceasing Pipeline Operations

- 9.3 A pipeline licence holder must seek the approval of the Joint Authority prior to ceasing pipeline operation activities. This is given effect through a variation to the title instrument, notice of which is published in the Gazette.

Termination of Licence

- 9.4 A pipeline licence may be terminated by the Joint Authority if a pipeline licence is in force and the licensee has not carried out any construction work under the licence, or used the pipeline, at any time during a continuous period of five years.
- 9.5 The five year period does not include any time in which the construction work was not carried out or the pipeline was not used due to circumstances beyond the licensee's control. This does not include the depletion of recoverable petroleum or a failure to obtain a greenhouse gas substance for conveyance in the pipeline.
- 9.6 A person will not breach the Act where there is an emergency involving a likelihood of loss or injury and the person attempts to avoid that loss or injury or maintain the pipeline in good order and repair, provided the person notifies NOPTA as soon as practicable of the incident and action taken, and complies with any directions given by NOPTA.

Attachment A: Application Criteria

An application for the grant of a pipeline licence should include, but is not limited to, the following:

- 1 Clear details of the requirements in section 217 of the Act including:
 - (a) The proposed design and construction of the pipeline;
 - (b) The proposed size and capacity of the pipeline;

Start Point of Pipeline Coordinates
End Point of Pipeline Coordinates
Characteristics of Substance to be Conveyed
Pipe Dimensions
Nominal Wall Thickness
Joint Type
Pipeline Design at Standard Conditions (Initial Design Capacity, Maximum Design Capacity, Design Life, Erosional Velocity)
Pipeline Corrosion Allowance (Internal, External)
Pipe Free Span at Location
Pipe Steel Specification and Grade
Minimum Yield Strength of Pipe Steel
Design Temperature (Pipeline, Facilities/Stations/Valves)
Maximum Operating Temperature (Pipeline, Facilities/Stations/Valves)
Minimum Operating Temperature (Pipeline, Facilities/Stations/Valves)
Design Pressure
Inlet Pressure Range
Outlet Pressure Range
Field Test Pressure (Proposed, Minimum)
Maximum Allowable Operating Pressure

Protective External Pipeline Coating Specification and Thickness
Weight Coating Design Specification and Thickness
Field Joint Coating
Pipe-to-Pipe Joint Coating
Description of Pressure Control Monitoring and Flow Controls
Description of Safety and Emergency Shutdown Procedures
Description of Telemetry Controls
Pigging Facilities
Provision for cathodic protection of the pipeline
Cathodic Potential Monitoring and Testing
Fitting, Valve and Flange Specifications
Mainline Valve (Number, Type, Location, Specifications)
Location of Future Offtake Tees
Number and Description of Pipeline Inlet Facilities
Number and Description of Pipeline Outlet Facilities
Number, Location and Description of Compressor Stations
Other Inline Facilities
Crossings Design Standard
Minimum Earthcover or Other Means of Stabilisation
Anchoring Details
Description of Environmental Design Criteria
Marine Growth Allowance
Description of Risk Management Framework

- (c) The applicant's proposals for work and expenditure for the construction of the pipeline;
- (d) The technical qualifications of the applicant and the applicant's employees;

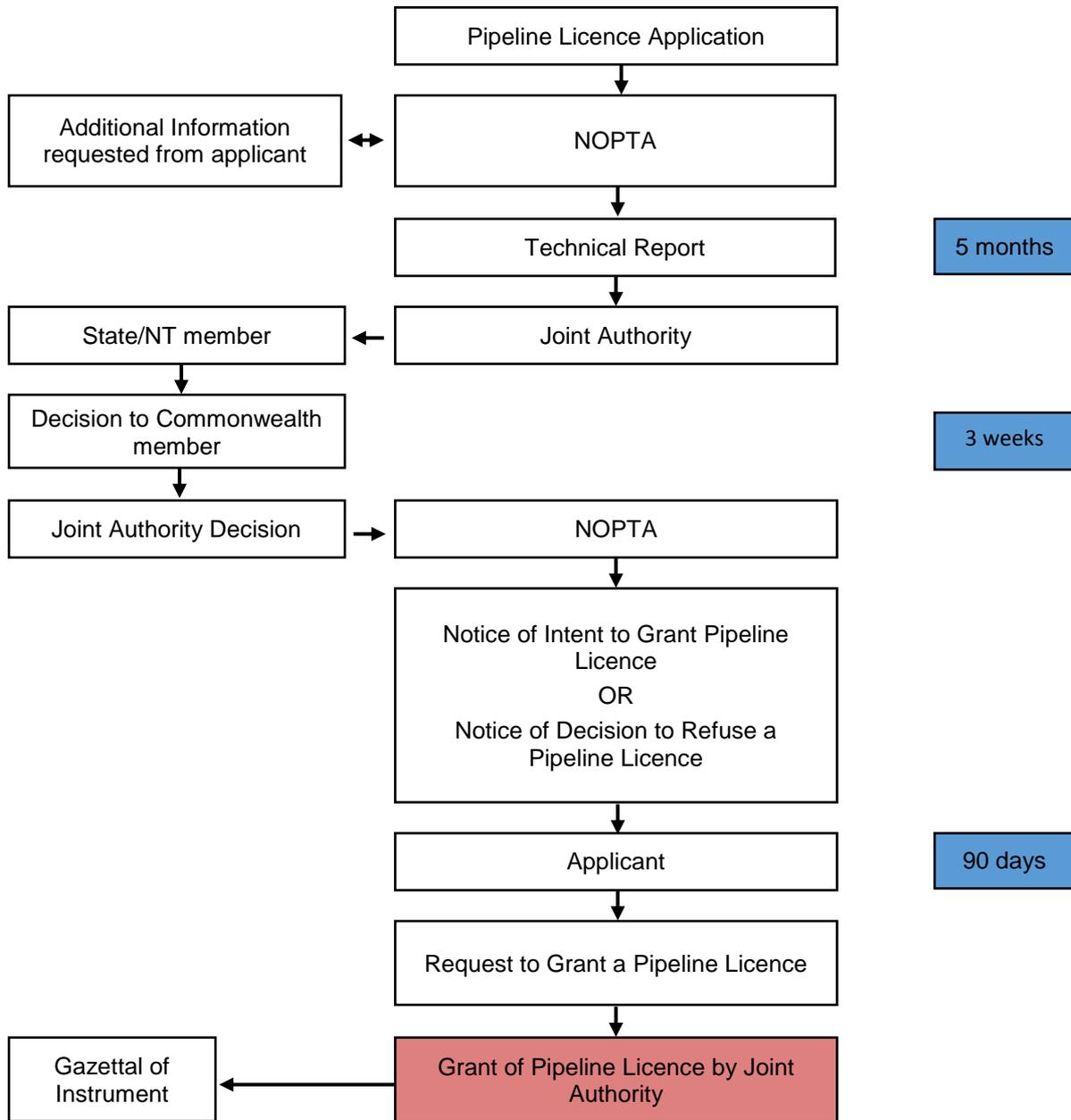
- (e) The technical advice available to the applicant including independent verification of pipeline design;
- (f) The financial resources available to the applicant;
- (g) Any agreements that the applicant has entered into or proposes to enter into for or in relation to the supply or conveyance of petroleum or greenhouse gas substances through the pipeline;
- (h) All standards applicable to the design, construction, testing, maintenance and operation of the pipeline and stations;
- (i) Preliminary schedules and plans including indicative construction schedule for the pipeline, outline of Safety Case for the pipeline and outline of Environment Plan for the pipeline; and

2. A plan, drawn to an approved scale, showing:

- (a) The route to be followed by the pipeline including a pipeline route map with coordinates for the entire length of the pipeline and stations;
- (b) The position of the proposed pipeline in relation to the seabed;
- (c) The design, construction and site position of pumping stations, tank stations and valve stations to be used in connection with the pipeline;
- (d) The design, construction and site position of any pumping station, tank station or valve station that the applicant wants declared under section 16 of the Act to be a terminal station in connection with the pipeline;
- (e) The location of any point that the applicant wants to be declared under section 217 of the Act to be a terminal point in connection with the pipeline;
- (f) Any other operations, works or things to be undertaken in the offshore area that are necessary for or incidental to the construction and operation of the proposed pipeline or the pumping stations, tank stations and valve stations;

Attachment B: Flow Diagram

Diagram 2 – Pipeline Licence



Note: this decision-making process should also be followed for each major change or variation of a proposed development.