

Australian offshore regulator orders shutdown of Timor Sea FPSO vessel

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On July 11, Australian offshore safety regulator NOPSEMA issued a prohibition notice to Upstream Production Solutions (UPS) as service provider and Northern Oil & Gas Australia (NOGA) as operator of the Northern Endeavour floating production, storage, and offloading (FPSO) vessel in the Timor Sea to halt all production and cease all operations immediately.



Northern Endeavour - Image: NOGA

NOPSEMA (the National Offshore Petroleum Safety and Environmental Management Authority) said the notice was issued due to what it called an "immediate threat to health and safety" due to structural corrosion at the facility.

A regulatory inspection found that the FPSO was in a degraded state and there were major concerns over the technical integrity of critical structures and equipment on the vessel.

NOPSEMA said it had been notified on July 1 of a dangerous occurrence that described a dropped object of sufficient height and weight to cause a fatality. Upon inspection NOPSEMA identified structural defects due to corrosion at the facility that could lead to a structural failure under design load conditions. Such failure had the potential to cause an oil spill or gas leak with subsequent ignition leading to a major injury or multiple fatalities.

Northern Endeavour is permanently moored in 400 metres of water between the Laminaria and Corallina oil fields in the western Timor Sea about 550 km northwest of Darwin. The vessel is of double hull design and was originally installed by a Woodside Petroleum Ltd.-operated group following discovery of the fields in the mid-1990s. Oil production began in 1999.

The FPSO has the capacity to hold 1.4 million barrels of oil and at peak production it processed 170,000 b/d.

Current operator NOGA, a subsidiary of Perth-based Timor Sea Oil & Gas Australia, bought 100% of the licenses and the FPSO from Woodside in April 2016. Recent production rate has been less than 5,000 b/d.

NOGA and UPS have been given 48 hours to shut down the facility. The companies have said they will work with NOPSEMA to understand the regulator's concerns and take appropriate action to resolve those issues.

This is not the first NOPSEMA notice to be issued to NOGA over safety and environmental concerns at its production vessel.

Three months ago the authority issued an improvement notice to the company for failure to meet its environmental plan obligations.

Last April the NOPSEMA inspectors said they had "reasonable grounds" to believe there was a "significant threat to the environment" because NOGA had allowed emergency spill contracts to expire and did not have the capacity to coordinate and manage an oil spill in its initial stages or combat and monitor a spill as described in its environmental plan.

Earlier in mid-2016, shortly after NOGA acquired the Laminaria and Corallina oil fields, the company was issued with a notice for having an inadequate capability and capacity to respond to an oil spill.