



Ass # 430
Bull # 504
State # 133

WESTERN AUSTRALIA
MINISTER FOR THE ENVIRONMENT

STATEMENT THAT A PROPOSAL MAY BE IMPLEMENTED (PURSUANT TO THE PROVISIONS OF THE ENVIRONMENTAL PROTECTION ACT 1986)

EXPLORATION DRILLING, EXMOUTH GULF

LASMO OIL (AUSTRALIA) LTD.

This proposal may be implemented subject to the following conditions:

1. In implementing the proposal, the proponent shall fulfil the commitments (which are not inconsistent with the conditions or procedures contained in this statement) made in the Consultative Environmental Review for all wells proposed as part of the programme specified in the Consultative Environmental Review. (A copy of the commitments is attached).
2. Subject to these conditions, the manner of detailed implementation of the proposal shall conform in substance with that set out in any designs, specifications, plans or other technical material submitted by the proponent to the Environmental Protection Authority with the proposal. Where, in the course of that detailed implementation, the proponent seeks to change those designs, specifications, plans or other technical material in any way that the Minister for the Environment determines on the advice of the Environmental Protection Authority, is not substantial, those changes may be effected.
3. In implementing this proposal no drilling rig shall be permitted to anchor, operate or be provisioned from a position within the marine areas of Ningaloo Marine Park.
- 4a. The proponent shall, at least three weeks prior to the commencement of drilling of further exploration wells contained within the programme described in the Consultative Environmental Review, other than at the two locations specifically proposed in the Consultative Environmental Review, provide to the satisfaction of the Environmental Protection Authority additional details of the exact locations of any additional wells and descriptions of the adjacent environment together with any proposed site-specific modifications to environmental management provisions for those locations. The proponent shall subsequently implement the proposals to the satisfaction of the Environmental Protection Authority.
- 4b. The proponent shall, prior to implementing any further drilling beyond that in the programme proposed in the Consultative Environmental Review or

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development plans resulting from that programme, refer proposals for such further work to the Environmental Protection Authority for assessment.

5. The proponent shall, prior to drilling the first well, implement arrangements for fulfilling the proponent's commitment to accept responsibility for any adverse environmental impacts, which may occur as a consequence of the proposal proceeding, to the satisfaction of the Minister for the Environment after consultation with the Minister for Fisheries.
6. The proponent shall, prior to the use of any drilling rig other than a jack-up type, provide plans for its use and environmental management to the Environmental Protection Authority for evaluation and subsequently implement appropriate environmental management plans for that rig to the satisfaction of the Environmental Protection Authority.
7. The proponent shall implement, prior to drilling the first well, the commitment to provide on or adjacent to the rig the capability to contain small oil spillages to the satisfaction of the Environmental Protection Authority on advice from the Department of Mines.
8. The proponent shall only refuel the rig when weather and sea state conditions are sufficiently calm to permit containment and recovery of any fuel oil which may be spilt, to the satisfaction of the Environmental Protection Authority on advice from the Department of Mines.
9. In order to minimise the likelihood of failure of the well casing, the proponent shall, prior to drilling ahead, pressure test each string of casing to the satisfaction of the Director, Petroleum Division, Department of Mines.
- 10a. The proponent shall, prior to drilling out the top section of the conductor pipe of the first well, successfully trial run a simulated oil spill contingency plan, up to the point of the deployment of resources, to the satisfaction of the Environmental Protection Authority on advice from the State Committee for Combatting Marine Oil Pollution.
- 10b. The proponent shall run further oil spill contingency plan simulations at least once a year or for each change of rig whichever is the sooner, for the duration of the programme in the Consultative Environmental Review, to the satisfaction of the Environmental Protection Authority.
11. The proponent shall be responsible for decommissioning the rig and any wells and rehabilitating the site and its environs to the satisfaction of the Environmental Protection Authority on advice from the Director, Petroleum Division, Department of Mines.
12. No transfer of ownership, control or management of the project which would give rise to a need for the replacement of the proponent shall take place until the Minister for the Environment has advised the proponent that approval has been given for the nomination of a replacement proponent. Any request for the exercise of that power of the Minister shall be accompanied by a copy of this statement endorsed with an undertaking by the proposed replacement proponent to carry out the project in accordance with the conditions and procedures set out in the statement.

13. If the proponent has not substantially commenced the project within five years of the date of this statement, then the approval to implement the proposal as granted in this statement shall lapse and be void. The Minister for the Environment shall determine any question as to whether the project has been substantially commenced. Any application to extend the period of five years referred to in this condition shall be made before the expiration of that period, to the Minister for the Environment by way of a request for a change in the condition under Section 46 of the Environmental Protection Act. (On expiration of the five year period, further consideration of the proposal can only occur following a new referral to the Environmental Protection Authority).

Bob Pearce, MLA
MINISTER FOR THE ENVIRONMENT

Published on

26 APR 1991

Proponent's commitments

Summary of commitments

LASMO are committed under the terms of the Exploration Permit to comply with all legislative and regulatory requirements pertaining to the proposed drilling program, and to all directions given by the Minister for Minerals and Energy. Further, a commitment has been given to adopt industry and government standards and guidelines for safe exploration drilling practice.

LASMO also commit themselves to comply with management proposals described in this CER. Specifically, these include the following:

A. Operational management

1. Mud engineering will be managed throughout the drilling program so that toxicity values never exceed the USEPA standards approved for offshore use.
2. For drilling operations within close proximity to coral reefs near the Muiron Islands, and with the possible temporary exception when precluded by inclement weather, all drill cuttings and occasional excess drilling fluid requiring disposal from the rig will be transported for disposal in deep water at least 5km offshore from the Muiron Islands and/or Ningaloo Marine Park.
3. *For drilling locations where direct drilling solids disposal is proposed, and for drilling locations near coral reefs when required by inclement weather, excess drilling muds will be discharged when tidal and wind currents are strong and moving away from areas of coral reef that may be near the drilling location.*
4. Sewage and wastes from the galley, ablutions and laundry will be comminuted and disinfected through a sewage treatment plant prior to discharge.
5. Solid waste materials will either be burnt at the rig or returned to shorebase for appropriate disposal at a refuse site approved by the Local Government Authority.
6. Drainage from areas of the rig where oil is used or stored will be contained on the rig, and subsequently transported ashore for recycling or disposal in a manner approved by the Environmental Protection Authority.
7. Deck drainage from elsewhere on the rig will be ducted to an oil-water separator prior to discharge, and any oily waste will be transported ashore for recycling or disposal in a manner approved by the Environmental Protection Authority.
8. Helicopter pilots will be instructed not to overfly islands.
9. Helicopter and workboats will be prohibited from landing on any of the islands in the region without written permission from the Drilling Superintendent.
10. Supply vessels will be contractually obliged to comply with all State and Commonwealth legislation for the control of pollution at sea.
11. Once drilling locations and timing have been identified, LASMO will liaise with the fishing industry to resolve any potential conflict with their operations, to the satisfaction of the Minister for the Environment.

B. Oil spill prevention

1. LASMO will implement oil spill prevention measures documented in Section 7.3 of this CER, to the satisfaction of the Department of Mines

C. Oil spill response

1. A Vikoma oil spill containment boom and skimmer, together with operators skilled in their use, will be located at the drilling location and ready for immediate deployment at all times during drilling.
2. LASMO will comply with the guidelines provided in the Oil Spill Contingency Plan.

3. Prior to drilling, LASMO will undertake to accept responsibility for any adverse environmental impacts which may occur as a consequence of an oil spill resulting from their operations, to the satisfaction of the Minister for the Environment.

D. Environmental assessment

1. Prior to drilling within the identified Leads A, B and the north-western corner of Lead D, LASMO will undertake a survey of the proposed drilling location to the satisfaction of the Environmental Protection Authority, and will submit a brief report describing the survey results to the Environmental Protection Authority.
2. Following completion of the initial two wells, LASMO will undertake an environmental assessment of the drilling locations and report upon the results, to the satisfaction of the Environmental Protection Authority and the Department of Mines.