

SOUTH AUSTRALIA*

LEGISLATION

PETROLEUM REGULATIONS 1989

On 5 October 1989, the Petroleum Regulations, 1970 made under the Petroleum Act, 1940 (SA) were revoked and new Regulations were brought into effect. The new Regulations were a result of a fairly lengthy process of discussion between the Department of Mines and Energy and the industry.

The new Regulations are a general updating of the previous Regulations together with several significant new areas for regulation. The Department of Mines and Energy in formulating the new Regulations sought as far as possible to ensure that the Regulations were, at the least, not inconsistent with regulations and requirements in effect in other States even if they were not identical.

The Regulations regulate the conduct of oil field operations including running seismic drilling production and installation of pipelines. They are of particular interest to Operators and to the various contractors who carry out operations on behalf of Operators. The most important changes are listed below.

A. Occupational Health Safety and Welfare Act, 1986

Regulations 7, 8 and 9 effectively require an operator and any contractor to comply with the requirements of the Occupational Health Safety and Welfare Act, 1986 (SA). More specifically reg. 7(1) requires an operator to appoint a Health Safety and Welfare Co-ordinator whose duties include:

- (a) co-ordinating administrative arrangements within the operator's organisational structure that are relevant to the application of the Occupational Health Safety and Welfare Act to operations undertaken by the operator;
- (b) liaising with inspectors under the Occupational Health Safety and Welfare Act; and
- (c) co-ordinating the provision of accident and employment returns under both the Petroleum Act and Regulations and the Occupational Health Safety and Welfare Act.

Regulation 17 requires the operator to provide notice of any injuries or incidents to the Director-General of Mines and Energy ('the Director') or an Inspector 'as soon as reasonably practicable after the occurrence of an injury or incident'. The operator is also required to provide written reports within 24 hours after the occurrence of the injury or incident whereas previously accident statistics were only required to be submitted monthly. The reports to be submitted are more detailed than those previously required.

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B. *Environmental Factors*

Regulation 16 requires an operator to carry out operations 'in a manner that avoids or, where that is not reasonably practicable, minimises any adverse impact on the environment'. This is a new requirement. An operator has to provide a Declaration of Environmental Factors and a Code of Environmental Practice to the Director of Mines at least six weeks before the commencing of any geophysical survey programme, drilling programmes or construction of either a production facility or a pipeline.

The Code of Environmental Practice must contain an outline of the procedures that are proposed to —

- (a) minimise hazards to the health and well being of persons working in the operation and the public generally;
- (b) protect wildlife, livestock, flora and sites of natural historical or cultural significance;
- (c) minimise disturbance of the land surface; and
- (d) clean up any areas disturbed by the operation.

C. *Operational Reports*

Previously quarterly reports were required in relation to all operations. Under the new Regulations, a quarterly report must be furnished specifying the number of persons employed by the operator, and any contractor, to perform work under the Petroleum Title. Reports on operations are to be provided half yearly (reg. 19).

D. *Inspectors*

Regulation 20 sets out the specific powers of inspectors whereas the earlier Regulations had set out a general power to investigate. Inspectors are now specifically authorised to, inter alia, examine anything on the land, carry out tests, take photographic films or video, require people to provide information, answer questions and produce any books, documents or records.

Under reg. 21, inspectors now have the power to direct that no further work be carried out until the operator has complied with any notice issued by the inspector in relation to work practices or condition of plant.

E. *Release of Information*

Under reg. 22(1), the Director may make available to the public certain limited information even while a Petroleum Title is in force. Under the previous Regulations, the Minister could make information available only when a title had expired, been surrendered or been cancelled.

F. *General Exemption*

The previous Regulations provided a general defence to any charge of breach of the Regulations on the ground that compliance with the

Regulations 'was not practicable in the circumstances' (old reg. 4). Under the new Regulations, this exemption is still in place. However, it is no longer available as a defence to a charge. Instead an operator has to apply to the Director for an exemption. To obtain the exemption, the operator must not only show that requirement with a particular Regulation is unnecessary, impracticable or undesirable but also show that 'alternative action that is at least as safe as a requirement of the Regulations will be taken and that, in the circumstances of a particular case, it is appropriate to do so'. The Director has power to grant any such exemption on such conditions and subject to such limitations as the Director thinks fit.

G. *Hours of Vehicle Operation*

Regulation 43 places a limit on the hours which a person can drive, operate or work with a vehicle weighing more than 4500 kgs. The intent of this Regulation is to fit in with the limitation on hours that are placed on drivers under the various State Road Traffic Acts.

H. *Production*

The previous Regulations were perceived by the Mines Department to have given limited control over production from a field. Under reg. 229, an operator cannot bring any well into production until a Reservoir Management Plan has been approved by the Director and the potential for enhanced recovery or retrograde condensation has been assessed. The purpose of the Regulation is to ensure that overall production from a reservoir is maximised. Consistent with this intent, the operator is required to carry out an evaluation of the potential of an oil pool to respond to enhanced recovery (reg. 232) and in relation to a gas pool carry out an evaluation of the possibility of retrograde condensation (reg. 236).

I. *Guidelines*

Many of the new Regulations require reports to be furnished 'in a manner and form acceptable to the Director'. The Department has issued guidelines setting out the matters to be covered in each of the various reports required under the Regulations and these guidelines are available from the Department of Mines and Energy.

J. *Summary*

The new Regulations comprise a substantial revision of Regulations that have, to a large extent, been in existence for many years. Accordingly all persons with interests or operations in South Australia are encouraged to familiarise themselves with the new Regulations and to ensure that their own employees and contractors comply with the Regulations.