



WESTERN AUSTRALIA

MINISTER FOR THE ENVIRONMENT

Ass # 506

Bull # 582

State # 203

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

**EXPLORATION DRILLING ON THE SPIDER PROSPECT, EXMOUTH GULF
MOBIL EXPLORATION AND PRODUCING AUSTRALIA PTY LTD (506)**

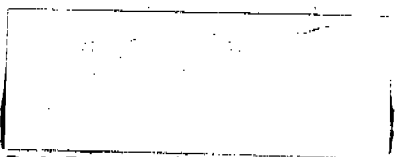
This proposal may be implemented subject to the following conditions:

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. The proponent shall not allow any drilling rig to anchor or operate within or be provisioned from the marine areas of Ningaloo Marine Park.
4. At least three weeks prior to the commencement of drilling of exploration wells contained within the programme described in the Consultative Environmental Review, the proponent shall provide details of the exact locations of the wells and descriptions of the adjacent environment together with any proposed site-specific modifications to environmental management provisions for those locations, to the satisfaction of the Environmental Protection Authority on advice of the Department of Mines. The proponent shall subsequently implement the proposals to the satisfaction of the Environmental Protection Authority on advice of the Department of Mines.
5. Prior to drilling the first well, the proponent shall implement arrangements 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 and the Minister for Mines.
6. Prior to implementing any drilling beyond that in the programme proposed in the Consultative Environmental Review or development plans resulting from that programme, the proponent shall refer proposals for such further work to the Environmental Protection Authority and the Department of Mines.

Published on

7 JAN 1992

7. Prior to the use of any drilling rig other than a jack-up type, the proponent shall provide plans for its use and environmental management to the Environmental Protection Authority for evaluation and shall subsequently implement appropriate environmental management plans for that rig, to the satisfaction of the Environmental Protection Authority on advice of the Department of Mines.
8. Prior to drilling each well, the proponent shall provide on or adjacent to the rig the capability for containing small oil spillages, to the satisfaction of the Environmental Protection Authority on advice of the Department of Mines.
9. The proponent shall only refuel the rig when weather and sea 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 of the Department of Mines.
10. 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.
11. Prior to commencement of the first well, the proponent shall successfully trial run the oil spill contingency plan, up to the point of the deployment of resources, to the satisfaction of the Environmental Protection Authority on advice of the State Committee for Combatting Marine Oil Pollution.
12. The proponent shall run further oil spill contingency plan trials 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 on advice of the Department of Mines.
13. 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 of the Director, Petroleum Division, Department of Mines.
14. 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.
15. 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.

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The proponent, Mobil Exploration and Producing Australia Pty Ltd has made commitments for the protection of the environment in each of the three CERs on the Cody, Spider and Cassidy areas and has made additional commitments in the responses to public submissions.

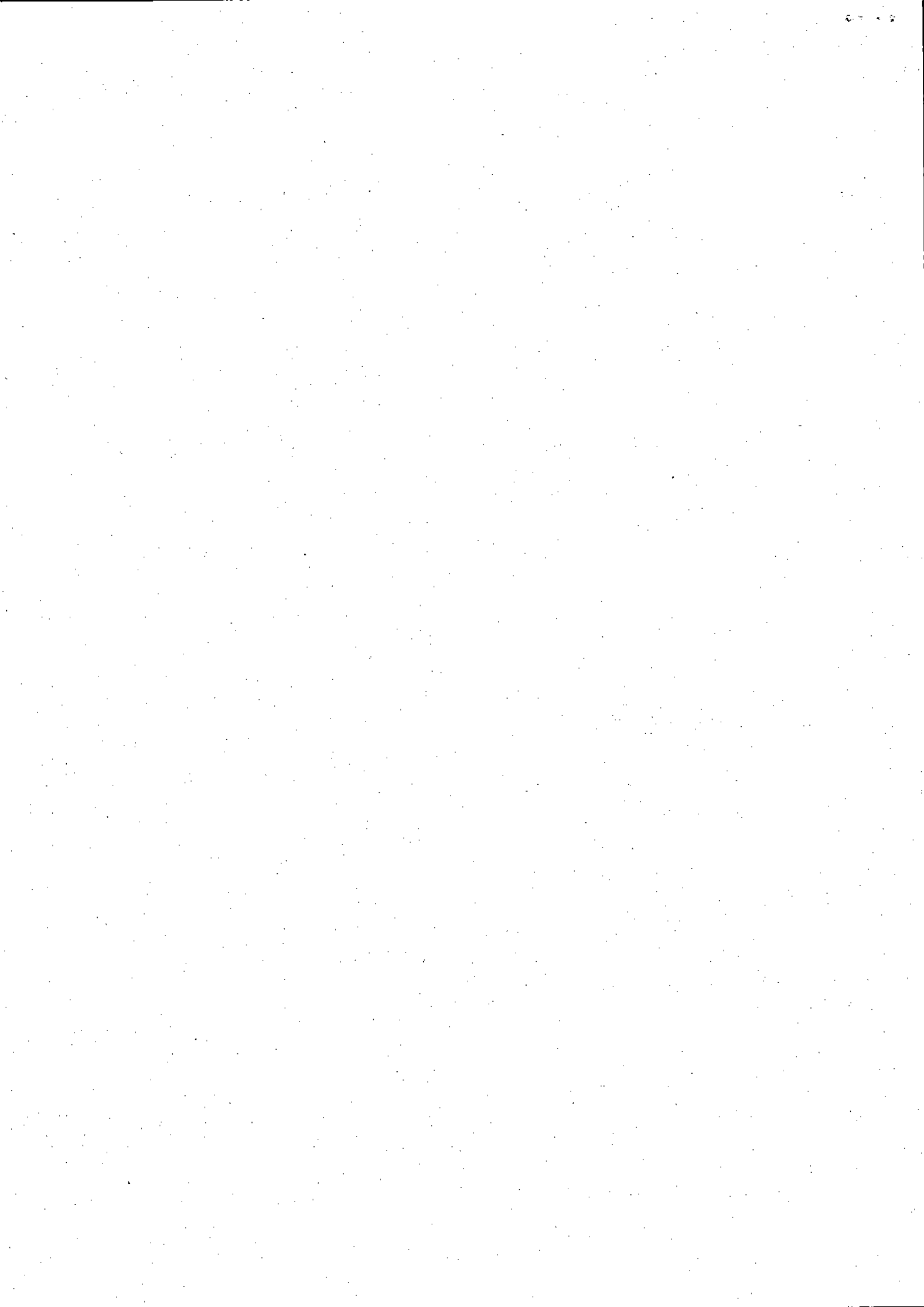
These commitments are numbered and consolidated below. The commitments are held to apply equally to all exploration activities as part of the proposals by Mobil Exploration and Producing Australia Pty Ltd over the Cody, Spider and Cassidy prospects or elsewhere in Permit EP325.

1. Mobil will adhere to the Proposal as assessed by the Environmental Protection Authority and shall fulfil the commitments made in the Public Environmental Report which are that Mobil will:
 - (i) comply with all legislative requirements pertaining to this project;
 - (ii) adopt accepted industry and government standards and guidelines for safe exploration drilling practices;
 - (iii) comply with guidelines provided in the oil spill contingency plan.
2. Mobil will include in the Oilspill Contingency Plan, the capability for containment of oil spillages of up to 20m³ on or adjacent to the rig. A suitable boom and skimmer device, together with an operator skilled in their deployment, shall be installed on the rig prior to the commencement of drilling and shall remain there permanently until decommissioning.
3. In order to minimise the likelihood of failure of the well casing, Mobil will, prior to drilling ahead, pressure test each string of casing to the satisfaction of the Director, Petroleum Division, Department of Mines.
4. Mobil will ensure that drill cuttings and fluid are disposed of in a manner consistent with the requirements of the EPA as described in the EPA's letter to the Director General of Mines on 28 December 1988 and endorsed by the then Minister for Transport and Environment in his letter of 14 April, 1989.
5. Mobil will provide an undertaking to accept responsibility in accordance with the laws of Western Australia for any adverse environmental impacts which may occur as a consequence of the Proposal. These impacts would be intended to include damages for bodily injury, loss of use of property, and of profits or business interruption caused by pollution or seepage or contamination arising directly from a well out of control above the surface of the ground or water bottom. The arrangements for meeting this condition shall be by way of an Energy Exploration and Development Insurance Policy underwritten by members of Lloyds of London whereby seepage and pollution, cleanup and contamination is covered for a sum insured of A\$40,000,000.
6. Mobil will refer any development plans resulting from this Proposal to the Environmental Protection Authority for assessment.
7. Mobil will be responsible for decommissioning the rig and the well, and rehabilitating the site and its environs to the satisfaction of the Director, Petroleum Division, Department of Mines.
8. 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 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.
9. To confirm the prediction of minimal environmental impact at each well site, the proponent will photograph the sea floor before commencement and at the completion of drilling operations.

10. In the event of an oil spill too large to contain using booms, the oil spill contingency plan contains management plans to deploy the available equipment to protect vulnerable habitats including the Bundegi Reef and its associated shoreline.

Additional commitments by the proponent made in response to submissions:

11. The proponent agrees to consult with North West Seafoods and M G Kailis Group of Companies and to provide at least one month's notice of general timing and specific location of wells to minimise the impacts of exclusion zones around the rigs.
12. The proponent agrees to amend the oil spill contingency plan to notify M G Kailis, North West Seafoods and CALM in the event of an oil spill and to confirm the mobilisation times for oil spill equipment in the oil spill contingency plan. (Note. It is also suggested that Morgan and Co be notified in the event of a spill).
13. The proponent agrees to confirm oil spill response times, obtain written confirmation from other bodies of their ability to meet response times, investigate combined response times to deploy equipment and personnel and assess available stockpiles of dispersant prior to commencement of the drilling programme.
14. The proponent agrees to use sea water based polymer drilling fluids as used to drill the Rivoli-1 well.
15. The proponent agrees to re-activate agreements with the Shires of Ashburton and Exmouth for the shore-based disposal of recovered oil, prior to the commencement of drilling.
16. The proponent agrees that any spilt oil recovered will either be burnt through the rig flare booms, sold through the Airlie Island terminal or disposed of at a site arranged with the Shire of Ashburton (or Exmouth).





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