

**STATEMENT OF REASONS FOR DECISION UNDER SECTION 158 OF THE
ENVIRONMENT PROTECTION AND BIODIVERSITY CONSERVATION ACT 1999**

I, PETER ROBERT GARRETT, Minister for the Environment, Heritage and the Arts, provide this statement of reasons under subsection 158(7) of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) for my decision under subsection 158(3) to exempt PTTEP Australasia (Ashmore Cartier) Pty Ltd and other specified persons from the application of the provisions of Part 3 and Chapter 4 of the EPBC Act in relation to the following action:

The drilling of a relief well (and all associated activities) in production licence AC/L7 or AC/L8 to stop the current uncontrolled flow of oil, gas and condensate from the Montara H1 well including but not limited to:

- drilling a relief well in an appropriate location (anticipated to be approximately 2km from the Montara Well Head Platform) using the West Triton drilling rig, taking currents, winds and well geometry into account;
- designing the relief well to have good formation strength near the intercept point with the Montara H1 well, approximately 2500m below the sea bed surface;
- drilling to a secure point above this target point;
- using precision technology to drill into the Montara H1 well;
- pumping mud into the well to stop the flow of oil, gas and condensate;
- cleaning up the West Atlas rig and making it safe to tow away from the Montara well head platform.

Legislation

1. Section 158 of the EPBC Act provides:

158 Exemptions from Part 3 and this Chapter

- (1) A person proposing to take a controlled action, or the designated proponent of an action, may apply in writing to the Minister for an exemption from a specified provision of Part 3 or of this Chapter.
- (2) The Minister must decide within 20 business days of receiving the application whether or not to grant the exemption.
- (3) The Minister may, by written notice, exempt a specified person from the application of a specified provision of Part 3 or of this Chapter in relation to a specified action.
- (4) The Minister may do so only if he or she is satisfied that it is in the national interest that the provision not apply in relation to the person or the action.
- (5) In determining the national interest, the Minister may consider Australia's defence or security or a national emergency. This does not limit the matters the Minister may consider.

- (6) A provision specified in the notice does not apply in relation to the specified person or action on or after the day specified in the notice. The Minister must not specify a day earlier than the day the notice is made.
- (7) Within 10 business days after making the notice, the Minister must:
 - (a) publish a copy of the notice and his or her reasons for granting the exemption in accordance with the regulations; and
 - (b) give a copy of the notice to the person specified in the notice.

Background

2. On 21 August 2009, during the undertaking of a drilling and completions program in the Montara field, owned and operated by PTTEP Australasia (Ashmore Cartier) Pty Ltd (PTTEP), an uncontrolled release of hydrocarbons occurred from the Montara H1 well, which has continued unabated.
3. On 31 August 2009, PTTEP applied for an exemption under section 158 of the EPBC Act, in relation to a proposal to drill a relief well (and all associated activities) in production licence AC/L7 to stop the current uncontrolled flow of oil, gas and condensate from the Montara H1 well. On 2 September 2009, PTTEP submitted further information to request that the exemption also include the option to undertake the action from production licence AC/L8.

Evidence or other material on which my findings were based

4. The evidence and other material on which my findings were based was a brief from the Department of the Environment, Water, Heritage, and the Arts, dated 2 September 2009, which included the following attachments:
 - A copy of the application from PTTEP for an exemption under section 158 of the EPBC Act in relation to the proposal to drill a relief well to stop the current uncontrolled flow of oil, gas and condensate from the Montara H1 well
 - Further information from PTTEP, submitted on 2 September 2009, regarding the proposed activity
 - A copy of section 158 of the EPBC Act

Findings on material questions of fact

5. The Commonwealth marine environment, listed threatened species, listed migratory species, wetlands of international importance and the environment on Commonwealth land are protected matters under the EPBC Act.
6. Commonwealth land includes Ashmore and Cartier Islands. Ashmore Reef National Nature Reserve is listed as a Wetland of International Importance.
7. An uncontrolled release of oil, gas and condensate from the Montara H1 well owned and operated by PTTEP Australasia (Ashmore Cartier) Pty Ltd has continued unabated since 21 August 2009
8. It is in the national interest to limit the impact on the Commonwealth marine

environment, listed threatened species, listed migratory species, wetlands of international importance and the environment on Commonwealth land from the uncontrolled release of oil, gas and condensate from the Montara H1 well.

9. PTTEP has proposed to stop the current uncontrolled flow of oil, gas and condensate from the Montara H1 well by drilling a relief well (and all associated activities) in production licence AC/L7 or AC/L8 including but not limited to:
 - drilling a relief well in an appropriate location (anticipated to be approximately 2km from the Montara Well Head Platform) using the West Triton drilling rig, taking currents, winds and well geometry into account;
 - designing the relief well to have good formation strength near the intercept point with the Montara H1 well, approximately 2500m below the sea bed surface;
 - drilling to a secure point above this target point;
 - using precision technology to drill into the Montara H1 well;
 - pumping mud into the well to stop the flow of oil, gas and condensate;
 - cleaning up the West Atlas rig and making it safe to tow away from the Montara well head platform.
10. PTTEP has advised that this proposal is regarded as having the highest probability of success and the lowest safety risk associated with it.
11. Requiring PTTEP to adhere to processes under the EPBC Act for referral of the action and potential assessment and approval requirements under Chapter 4, would prevent a timely response to the continued uncontrolled flow of oil, gas and condensate from the Montara H1 well.
12. Delays in addressing the continued release of oil, gas and condensate from the Montara H1 well are likely to increase the impact of this incident on the environment of the Commonwealth marine area and listed threatened and migratory species. Delays would also increase the risk of hydrocarbons reaching sensitive areas such as Ashmore Reef and Cartier Island, and potentially result in impacts on a wetland of international significance and the environment on Commonwealth Land.
13. Drilling of a relief well to stop the current uncontrolled flow of oil, gas and condensate from the Montara H1 well must commence as soon as practicable to minimise the impact on matters protected by the EPBC Act.

Reasons for decision

14. In the light of these considerations and the findings referred to above in this statement of reasons, I was satisfied that it is in the national interest that all of the provisions of Part 3 and Chapter 4 of the EPBC Act not apply in relation to the drilling of a relief well (and all associated activities) in production licence AC/L7 or AC/L8 to stop the current uncontrolled flow of oil, gas and condensate from the Montara H1 well.

15. I therefore decided, under subsection 158(3) of the EPBC Act, to exempt PTTEP Australasia (Ashmore Cartier) Pty Ltd and other specified persons from all of the provisions of Part 3 and Chapter 4 of the EPBC Act in relation to the drilling of a relief well (and all associated activities) in production licence AC/L7 or AC/L8 to stop the current uncontrolled flow of oil, gas and condensate from the Montara H1 well.



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MINISTER FOR THE ENVIRONMENT, HERITAGE AND THE ARTS

6 / September 2009