

ABATEMENT NOTICE

Section 125 of the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012 (the Act)

Reference number: AN007

To: Tamarind Taranaki Limited (In Receivership and In Liquidation) (TTL)

Address: C/O PricewaterhouseCoopers New Zealand, PwC Tower, Level 22, Private Bag 92162, Auckland 1010, New Zealand

And: C/O Kensington Swan, 18 Viaduct Harbour Avenue, Auckland, 1142, New Zealand

And: C/O Borrelli Walsh, Kensington Swan, 18 Viaduct Harbour Avenue, Auckland, 1010, New Zealand

Activity and Location: "Umuroa" Floating Production Storage and Offtake (FPSO) installation at Tui field.

The Environmental Protection Authority gives notice that you must do the following action:

Prevent BW Offshore Singapore Pte. Ltd (BWO) from carrying out, on TTL's behalf as TTL's agent or other capacity or with TTL's express or implied consent, unlawful alteration of structures, submarine pipelines and submarine cables that TTL owns and controls within the Tui Field in the Exclusive Economic Zone, in contravention of sections 20(2)(a), 20(2)(b), 20(2)(c) and 20(4)(a) of the Act.

In the opinion of the warranted enforcement officer, this action is necessary to ensure that TTL complies with the Act, regulations made under it, or a marine consent, and is also necessary to avoid, remedy, or mitigate any actual or likely adverse effect on the environment or existing interests.

The location to which this abatement notice applies: Tui Field - 173° 14' 12.40"E 39° 25' 39.80"S

You must comply with this abatement notice: Immediately on receipt of the abatement notice, having regard to the reasons for it, until such time as there is lawful authority for the actions under the Act, any regulations, or a marine consent.

This notice is issued under: section 125(1)(b) of the Act.

The reasons for this notice and the grounds for the enforcement officer's belief and opinion that the action required of TTL is necessary to ensure that TTL complies with the Act, regulations made under it, or a marine consent, and is also necessary to avoid, remedy, or mitigate any actual or likely adverse effect on the environment or existing interests are:

The Tui field is situated in the waters of New Zealand's Exclusive Economic Zone, approximately 50 kilometres offshore from Taranaki. BW Offshore Singapore Pte Ltd own the Floating Production Storage and Offtake (FPSO) installation Umuroa and moorings and anchors that connect the installation to the seabed in the Tui area. TTL owns the remaining assets in the Tui field and

Petroleum Permits PML 38158. BWO was contracted to TTL until late 2019. As the Crown Minerals Permit holder and marine consent holder, TTL has overall responsibility for the Tui Field and has ownership and control, if it wished to assert or exercise it, over the subsea equipment that BWO now proposes to disconnect from in order to sail away the Umuroa.

The Umuroa is connected to structures (referred to by BWO as subsea equipment), submarine pipelines (referred to by BWO as production risers and gas lift risers, and the hydraulic umbilical) and submarine cables (namely the electric umbilical referred to by BWO generically as umbilicals) in the Exclusive Economic Zone.

Existing oil exploration and production activities as at the date the Act came into force on 28 June 2013 continued to have lawful authority without the need for a marine consent by operation of s 162(4) of the Act. New restricted activities commenced after the Act came into force are unlawful unless authorised by either a ruling provided under s 162(2) or a marine consent.

TTL or its predecessors applied for and were granted Marine Discharge Consent EEZ300006, Marine Discharge Consent EEZ300010, Marine Consent & Marine Discharge Consent EEZ100016, authorising certain new activities commenced after the Act came into force.

TTL was provided with a ruling under s 162(2) (EEZ500022) on 1 November 2017 which approved the disconnection and subsequent temporary placement of mooring lines and flowlines from the FPSO Umuroa to allow the vessel to leave NZ waters. The factual information and assumptions advanced by TTL on which the 2017 ruling was based do not now apply and the 2017 ruling does not authorise the restricted activities proposed to be undertaken by BWO.

In the absence of steps initiated by the administrators, liquidators and receivers of TTL, BWO requested two rulings under section 162(2) of the Act from the EPA on 15 January 2020 and 17 February 2020. The first ruling request (EEZ500028) seeks authorisation for BWO to disconnect from the mooring lines and ultimately retrieve the associated cables, chains and anchors. The second ruling (EEZ500029) requests authorisation of activities associated with the disconnection of the subsea equipment including structures, umbilicals (submarine pipelines and submarine cables) and production and gas risers (submarine pipelines) from the FPSO and the temporary laydown on the seabed of the subsea assets. At the time of serving this abatement notice, neither ruling has been decided by the EPA but it is anticipated that both will be decided by the end of this month.

BWO provided a workplan to the EPA on 11 March 2020 titled Umuroa Decommissioning with reference "Project: 4XXX Berge Helene" which describes the schedule of works associated with disconnection of structures, submarine pipelines and submarine cables from the FPSO. Some tasks were 100% complete including ID153 unbolt and remove flowline spools to risers, ID154 install pull in cap to end of flowline risers, ID159 unbolt and remove flowlines at turret and ID 160 install pull in cap to end of flowline riser.

On 11 March and 12 March 2020 [REDACTED] (BWO HSSE Superintendent) confirmed verbally that the Umuroa Decommissioning workplan was current.

On 12 March 2020 EPA wrote to BWO seeking written assurance of compliant activity and advised BWO's response would inform EPA's enforcement approach.

On 13 March 2020 BWO wrote to the EPA indicating the EPA should authorise the disconnection works by 13 March 2020 at 12pm, or BWO will leave the FPSO in place and remove their crew solely for safety reasons.

On 13 March 2020 the EPA wrote to BWO requesting BWO to confirm in writing by 4.30pm Friday 13 March 2020 that the planned disconnection works will not be carried out until BWO have authorisation under the EEZ Act.

On Friday 13 March 2020 at 2222 hours the EPA received an email from [REDACTED] (BWO Fleet Asset Manager) stating:

... Umbilicals have been flushed with hydraulic fluid. All umbilical connections have been severed from the FPSO. There is no communication with subsea assets. Flushing of any of the lines is no longer possible. We had planned to lower all the lines listed below on an immediate basis. We are currently uncertain as to their integrity if we have to stop disconnection work for an unspecified length of time.

The umbilicals have been flushed and are currently displaced with hydraulic fluid (Transaqua). They have been capped. We are requesting permission to laydown these 4 lines at present.

Gaslift risers have been depressurised, purged with N2 and capped. If permissible, we would prefer to lay down these lines as well.

The 13 March 2020 email also confirmed alteration to production risers, including installation of friction clamps and removal of bolts.

On Monday 16 March 2020 11:22 hours [REDACTED] (BWO Fleet Asset Manager) emailed the EPA stating "I also need to record that BWO presently considers that the overall circumstances, in particular the weather and safety issues noted above, are of sufficient gravity that instead of de-manning as signalled last week, it may be necessary to commence the disconnection immediately in reliance on the 2017 ruling. That remains a real prospect in the short term in light of the delays in the processing of the ruling application."

On Monday 16 March 2020 at 12:06 hours, [REDACTED] (BWO Fleet Asset Manager) emailed the EPA, stating "it's best to commence the disconnection of the risers, umbilical and moorings as soon as possible. Taking the current status into consideration, view from OIM, NPUW, BWO's Insurance, BWO inhouse expertise it is imperative to disconnect and lay down the risers, umbilicals and moorings."

On the basis of the communications from BWO summarised above, the enforcement officer believes that TTL, by expressly or impliedly authorising BWO as TTL's agent or other capacity to make unlawful alterations to TTL's subsea equipment, or by TTL failing to assert ownership or control over TTL's subsea equipment and failing to prevent BWO from making the unlawful alterations, results in TTL contravening the Act, regulations made under it, or any marine consent granted to TTL or its predecessors.

In the opinion of the enforcement officer the preventative action required of TTL is necessary to ensure that TTL complies with the Act, regulations made under it, or a marine consent, and is also necessary to avoid, remedy, or mitigate any actual or likely adverse effect on the environment or existing interests

The unlawfulness of BWO's alterations or prospective alterations of TTL's subsea equipment arises from BWO altering the structures, submarine pipelines and submarine cables, that TTL owns, by severing of the umbilical connections, capping gaslift risers and umbilicals and removal of bolts in contravention of section 20(2)(a), 20(2)(b), 20(2)(c) and 20(4)(a) of the Act and, in the enforcement officer's opinion similar alterations are likely to continue in the absence of preventative action by TTL

based on the email of 16 March 2020 which notes that it may be necessary to commence the disconnection immediately.

Section 20 of the Act states

- (1) No person may undertake an activity described in subsection (2) in the exclusive economic zone or in or on the continental shelf unless the activity is a permitted activity or authorised by a marine consent or section 21, 22, or 23.
 - (2) The activities referred to in subsection (1) are—
 - (a) the construction, placement, alteration, extension, removal, or demolition of a structure on or under the seabed:
 - (b) the construction, placement, alteration, extension, removal, or demolition of a submarine pipeline on or under the seabed:
 - (ba) the abandonment of a submarine pipeline that is on or under the seabed:
 - (c) the placement, alteration, extension, or removal of a submarine cable on or from the seabed:
 - (d) the removal of non-living natural material from the seabed or subsoil:
 - (e) the disturbance of the seabed or subsoil in a manner that is likely to have an adverse effect on the seabed or subsoil:
 - (f) the deposit of any thing or organism in, on, or under the seabed:
 - (g) the destruction, damage, or disturbance of the seabed or subsoil in a manner that is likely to have an adverse effect on marine species or their habitat.
 - (3) No person may undertake an activity described in subsection (4) in the sea of the exclusive economic zone unless the activity is a permitted activity or authorised by a marine consent or section 21, 22, or 23.
 - (4) The activities referred to in subsection (3) are—
 - (a) the construction, mooring or anchoring long-term, placement, alteration, extension, removal, or demolition of a structure, part of a structure, or a ship used in connection with a structure:
 - (b) the causing of vibrations (other than vibrations caused by the propulsion of a ship) in a manner that is likely to have an adverse effect on marine life:
 - (c) the causing of an explosion.
 - (5) However, this section does not apply to—
 - (a) the discharge of harmful substances; or
 - (b) the dumping of waste or other matter; or
 - (c) lawful fishing for wild fish under the Fisheries Act 1996.
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The restricted activities that have been carried out in relation to subsea equipment owned by TTL, and in the Tui Field over which TTL has overall responsibility, without authorisation include:

1. "severing of the umbilical connections" (the alteration of any submarine pipeline on the seabed, namely the hydraulic umbilical is restricted under section 20(2)(b) and the alteration of a submarine cable on the seabed, namely the electrical umbilical is restricted under section 20(2)(c)),
2. "capping gaslift risers and umbilicals" (the alteration of any submarine pipeline on the seabed, namely the gas pipeline and hydraulic umbilical is restricted under section 20(2)(b) and the alteration of a submarine cable on the seabed, namely the electrical umbilical is restricted under section 20(2)(c)); and
3. "removal of bolts" (the alteration of a structure on the seabed is restricted under section 20(2)(a) and the alteration of a structure in the sea is restricted under section 20(4)(a)),

as they are not permitted activities, authorised by a marine consent or section 21, 22 or 23 of the Act.

The restricted activities referred to above and those proposed to be imminently undertaken by BWO are currently the subject of the two ruling requests under section 162(2) of the Act. Whether the effects of these restricted activities meet the threshold of "minor or less than minor" required for the EPA to provide a ruling under section 162(2) will not be known until the assessment has been completed and decisions are made – anticipated to be by the end of the month. Until those decisions are made, it is necessary for TTL to prevent BWO from making unlawful alternations to TTL's subsea equipment in order to avoid, remedy, or mitigate any actual or likely adverse effect on the environment or existing interests.

The name of the warranted enforcement officer serving this order is: Simon Coubrough

The Environmental Protection Authority authorised the enforcement officer who issued this notice. Its address is:

Environmental Protection Authority,

Level 10, Grant Thorndon House, 215 Lambton Quay

Wellington 6011, New Zealand

The enforcement officer is acting under the following authorisation: A warrant of authority issued by the Environmental Protection Authority, pursuant to section 138 of the Act, authorising the officer to carry out all or any of the functions and powers as an enforcement officer under the Act.



Simon Coubrough

17 March 2020

Enforcement officer

Officer's name:

Date

Note 1: Costs and expenses

Under section 126(b) of the Act, you must pay all costs and expenses of complying with this notice.

Note 2: Non-compliance with this notice

If you do not comply with this notice, you may be prosecuted under section 134F of the Act.

Note 3: Appeals

You have the right to appeal the whole or any part of this notice to the Environment Court under section 129 of the Act. If you wish to appeal, you must lodge a notice of appeal in the prescribed form with the Environment Court and serve the notice of appeal on the Environmental Protection Authority (EPA) within 15 working days after service of this abatement notice.

Note 4: Cancellations

You may also apply in writing to the EPA to change or cancel this abatement notice under section 128 of the Act. The application should include reasons why the notice should be changed or cancelled.