

ABATEMENT NOTICE

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

Reference number: AN002

To: Tamarind Taranaki Limited (Administrators Appointed)

Address: Level 6, 54 Gill Street, New Plymouth, 4310

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

Operation: Extraction of hydrocarbons under Petroleum Mining Licence (PML) 38158

The Environmental Protection Authority gives notice that you are prohibited from commencing, the following action: The production of hydrocarbons from Pateke 3H, Pateke 4H and Amokura wells to the Umuroa Floating Production Storage and Offtake (FPSO) installation which in the opinion of the enforcement officer is likely to contravene section 20B(1) of the Act.

The location to which this abatement notice applies: Umuroa FPSO - 173° 14' 12.40"E 39° 25' 39.80"S (Tui field)

You must comply with this abatement notice: As soon as possible on receipt of the abatement notice, but no later than 20:00 hours NZST on 26 November 2019.

This notice is issued under: section 125(1)(a) of the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012 (the Act).

The reasons for this notice are:

At 15:46 NZDT on Thursday 21 November 2019, Tamarind Taranaki Limited (Tamarind) reported a "sheen" of unknown origin, 20-30m wide, 400m from the starboard side of the FPSO Umuroa. The sheen was observed South of the FPSO, in the direction of the Tui 2H well. Producing wells were isolated and it was determined by Tamarind that the sheen was not likely to be associated with normal operational discharges. Tamarind provided photos of the sheen taken from the FPSO, and a photo of a contaminated absorbent pad that had been lowered onto the sea from the FPSO. Tamarind has estimated the volume of hydrocarbon spilled to be approximately 100L based on observations of hydrocarbon on the sea surface.

Tamarind commissioned a survey of subsea infrastructure from 23-24 November 2019 by a Remote Operated Vehicle (ROV). The survey detected damage to the flowline connecting the Umuroa to the Tui 2H well. A longitudinal split of approximately 10-12m long in the outer layer/sheathing of the flowline was reported.

Tui crude oil (a hydrocarbon) is a harmful substance as defined by regulation 4 of the Exclusive Economic Zone and Continental Shelf (Environmental Effects – Discharge and Dumping) Regulations 2015. Potential impacts of a spill of Tui crude oil from a failed flowline are described in Tamarind's Spill Response Plan for

Oil and Hazardous Substances – Oil Spill Contingency Plan and Emergency Spill Response Plan (CTD-NZ-OPS-005-MAN Rev 3 - October 17). This states that “oil may adversely affect the marine environment in the immediate proximity of the discharge point..... Effects are anticipated to be localised and minor and no coastal or shoreline impact is considered feasible”.

Tamarind personnel [REDACTED] have stated (in emails dated 23 and 24 November 2019) that it is Tamarind’s intention to resume production from other wells connected to the Umuroa FPSO, including Pateke 3H, Pateke 4H and Amokura in the “next couple of days”.

Additional controls to manage a start-up of production following this incident were described in an email from [REDACTED] on 23 November 2019, and included:

- a) Isolate and prove isolations on Tui 2H and 3H flowlines
- b) Depressurise Tui 2H gas lift line and isolate
- c) Start-up to occur in daylight hours only – restarting and flowing one well at a time.
- d) Continual monitoring of start-up process via DCS and visual monitoring of the sea surface above the wells and flow lines.
- e) If any sheen observed during start-up, wells will be shut-in immediately.”

Section 20B of the Act restricts discharges of harmful substances from structures and states:

No person may discharge a harmful substance from a structure or from a submarine pipeline into the sea or into or onto the seabed of the exclusive economic zone.

Despite the controls proposed by Tamarind above, it is the opinion of the enforcement officer that the start-up of production is likely to contravene section 20B(1) of the Act for the reasons that:

- a) The acute failure of the Tui 2H flowline calls into question the integrity of remaining flowlines;
- b) Tamarind has not yet established the cause of the rupture to the flowline connecting the Umuroa to the Tui 2H well;
- c) The survey of subsea infrastructure commissioned from 23 - 24 November 2019 by a ROV has not definitively established that the leak in the flowline connecting the Umuroa to the Tui 2H well is the sole source of the hydrocarbon sheen;
- d) Tamarind has not provided information to show that similar failures will not occur on resumption of production from Pateke 3H, Pateke 4H and Amokura wells.

Conditions:

Tamarind may resume production when it has:

- a) Conclusively identified the source of the hydrocarbon sheen and provided evidence to the EPA supporting the conclusion reached;
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- b) Assessed the condition of the flowlines and associated connections of Pateke 3H, Pateke 4H and Amokura wells, and provided evidence to the EPA that confirms system integrity will be maintained on start-up.
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The name of the enforcement officer serving this order is: [REDACTED]

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 Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012, authorising the officer to carry out all or any of the functions and powers as an enforcement officer under the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012.

[REDACTED]

Enforcement officer

[REDACTED]
Officer's name:

26 November 2019

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 Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012.

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.