

10 May 2005

Mr Barry Goldstein
Director Petroleum, Director Energy - SA
Department of Primary Industry and Resources SA
Level 7
101 Grenfell Street
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Dear Mr Goldstein

Public Consultation Petroleum Act 2000

The APIA has reviewed the two documents that summarize proposed changes to the Petroleum Act 2000. The documents provide a good balance between the needs of the Petroleum Industry and the Community as a whole. They place responsibility in the correct place when it is required and ensures that each sector has a fair and reasonable opportunity to comply.

In particular the comments under 2.3 in the Implementation Issues document regarding the NATA certification of pipelines require specific attention. It is unclear what this actually applies to and if it applies to all testing then many pipeline components and equipment such as valves, meters, and compression equipment are not made in Australia and as such NATA does not even exist. As a consequence it is not possible to comply with this requirement.

The document rightly points out two conflicting positions regarding this matter.

1. This is a prescriptive requirement in the Act and as such should be removed from the legislation. It also correctly points out that the requirement for testing, is the responsibility of the Licensee and is required to be conducted in accordance with AS2885. The document rightly points out that the ultimate responsibility for this test is the Licensee and that the consequences of this being improperly conducted falls with them.
2. The counter view is that this is a lowering of standard. If it is not included within the Act.

The APIA strongly supports the argument that all pipelines are required to be designed, constructed, tested, operated and maintained in accordance with AS2885 as stated in the 1994 COAG Agreement. By complying with AS2885, compliant engineering testing and operating standards will always be maintained. As the Standard is regularly revised to reflect better materials, processes and practices, these will automatically flow into the License conditions. Prescribing NATA testing within the Act could place the License conditions in conflict with AS2885 and, in fact, indirectly place some responsibility on the Crown. This is an unacceptable position

for all sections of the broader industry and as such any reference to NATA testing should be removed. The use of NATA for overseas testing is simply not possible.

The APIA also notes the comments in 2.2 Pipeline Licence applications, 2.4 Council rates and transmission pipelines, 2.5 Application of 'Building Rules' to building work associated with pipelines and other petroleum activities and 2.6 Publication of pipeline throughput and agrees with the position being taken by PIRSA.

Yours faithfully

CHERYL CARTWRIGHT
Chief Executive