2008 Annual Report

SOUTH EAST PIPELINE SYSTEM

Pipeline Licences (PL 3 & 4)

Document Number

S-31-107-AR-G-005

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LIST OF ABBREVIATIONS

ALARP	As Low As Reasonably Practicable
AS2885	Australian Standard 2885 Pipelines - Gas and Liquid Petroleum
AVT	Accuracy Verification Test
CDP	Corrosion Detection Pig
CFS	Country Fire Service
CP	Cathodic Protection
CPU	Cathodic Protection Unit
Cu/CuSO4	Copper/Copper Sulphate
DCGV	Direct Current Voltage Gradient
EGP	Electronic Geometry Pig
EMS	Environmental Management System
ERE	Emergency Response Exercise
ESD	Emergency Shut Down
GIS	Graphical Information system
GPS	Geographical Positioning System
HAZOP	Hazard Operability
HELM	Heritage, Environment and Land Management
HSE	Health, Safety and Environment
LMS	Land Management System
MAPS	Moomba to Adelaide Pipeline System
MFS	Metropolitan Fire Service
MLV	Mainline Valve
PIRSA	Primary Industries and Resources of South Australia
PL3&4	Pipeline Licences 3 and 4
ROW	Right of Way
RTU	Remote Terminal Unit
SCADA	Supervisory Control and Data Acquisition
SEO	Statement of Environmental Objectives
SEP	South East Pipeline
SWQ	South West Queensland Pipeline
SES	State Emergency Service
SMS	Safety Management System
SWER	Single Wire Earth Return
TJ	Tera Joule

1 PURPOSE

This report is submitted in accordance with the requirements of Pipeline Licence 3, Pipeline Licence 4 and the SA Petroleum Regulations 2000.

2 SCOPE

The South East Pipeline system is owned, operated and maintained by Epic Energy.

This report reviews operations carried out during 2008 and intended operations for 2009.

In accordance with the Petroleum Regulations a performance assessment is also provided with regard to the Statement of Environmental Objectives PL 3 &4.

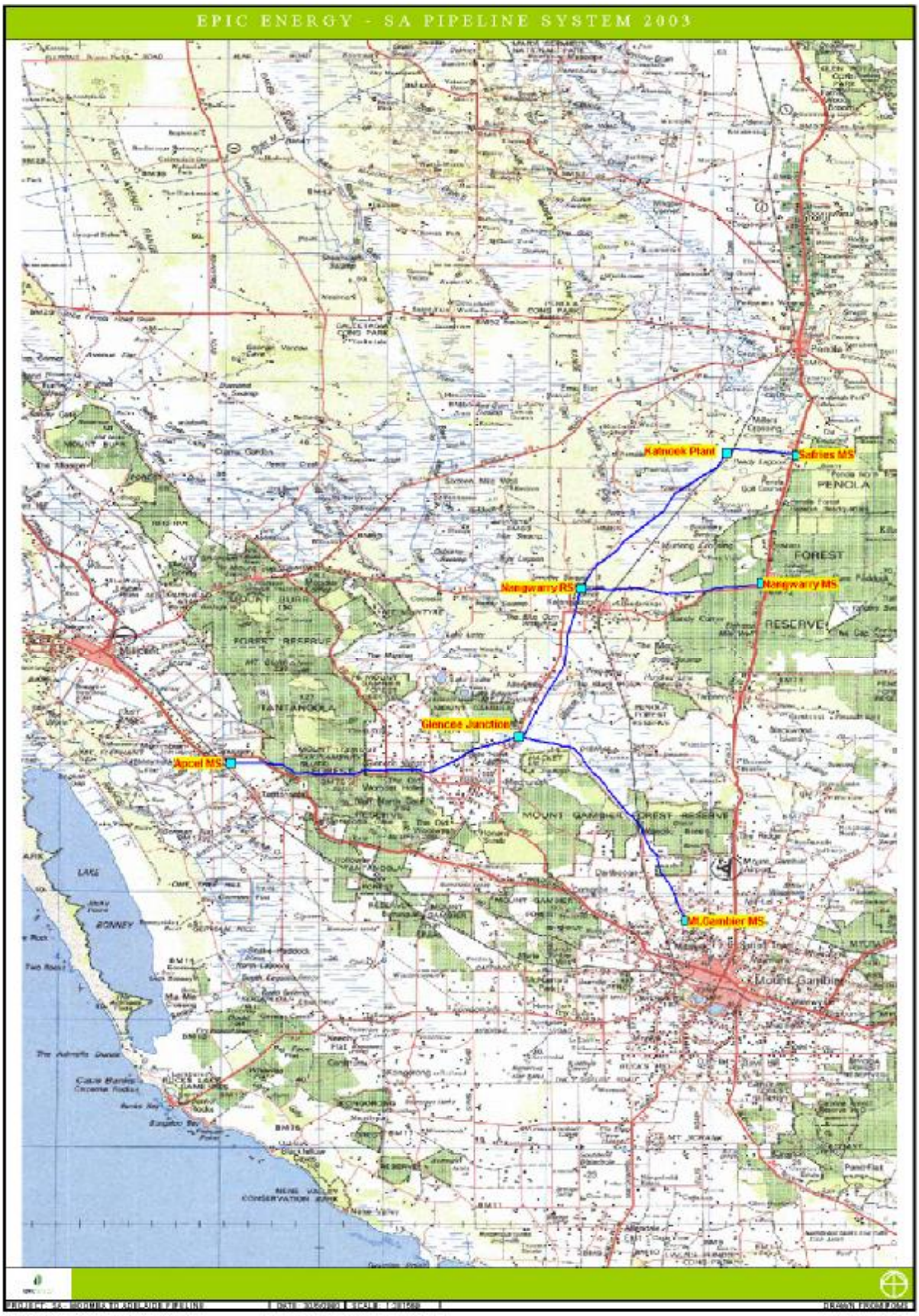
3 TECHNICAL INFORMATION

Table 1 summarizes the technical aspects of the South East Pipeline system and Figure 1 shows diagrammatically the pipeline system.

Table 1 – South East Pipeline System

	Katnook to Kimberly Clark	Glencoe to Mount Gambier	Nangwarry	Safries
Pipeline Licence	PL4	PL4	PL4	PL3
Date Constructed	1990 – 1991	1990-1991	2001	1990
Date Commissioned	March 1991	April 1991	August 2001	January 1991
Length	46.1 Kilometres	18.9 Kilometres	11.5 Kilometres	4.5 Kilometres
External Diameter	168.3 mm	168.3 mm	88.9 mm	60.3mm
Wall Thickness, mm:				
- Normal - Special Crossings	4.2 mm 5.0 mm	4.2 mm 5.0 mm	3.2 mm 4.0 mm	3.9 mm 3.9mm
Pipe Grade	API 5LX 42	API 5LX 42	API 5LX 56	ASTM A106 Gr B
MAOP	10,000 kPa	10,000 kPa	9850 kPa	10,000 kPa
Coating	Yellow Jacket	Yellow Jacket	Yellow Jacket	Yellow Jacket
Cathodic Protection	Sacrificial Anode	Sacrificial Anode	Sacrificial Anode	Sacrificial Anode
Main Line Valves	3	2	U/S & D/S isolation valves	U/S & D/S isolation valves
Actuators	Manual	Manual	Manual	Manual
Compressor Stations	Nil	Nil	Nil	Nil
Meter Stations	Kimberley Clarke	Mount Gambier	Nangwarry	Safries

Figure 1 – SEP Route Map



4 OPERATIONAL & MAINTENANCE ACTIVITIES - 2008

4.1 Risk Management Review

A review of the AS 2885 Risk Assessment was carried out and a final report developed in 2007. As part of this risk assessment review, additional requirements of the Draft AS 2885.1 DR 04561] ref 3 was taken into consideration.

The review of the risk assessment found that in most cases the workshop team considered that the protection measures in place reduced the risks of the identified threats to acceptable levels (as indicated in Refs 1, 3 & 4). Where there was doubt or further investigation was deemed necessary, an action was raised.

The major threats and hazards identified during the risk assessment included, water exploration and boring, excavation, in particular new and existing gathering lines around Katnook, fence installation and repairs, excavation of the pipeline at existing take off stubs and the potential development of a new Pulp Mill in the vicinity of the Katnook compound.

Several recommended actions were made by the workshop team. These consisted of several different types of activities such as:

- Analyze to confirm adequacy of standard design with respect to power line faults to ground and lightning strikes.
- Confirmation of depth of pipeline cover
- Review adequacy of AC mitigation measures
- Confirm adequate pipeline warning signage

These actions are currently being addressed with no high priority actions outstanding. There are a total of 73 actions, 74% of them have been closed out and the remaining will be addressed in 2009.

4.2 Training

Epic Energy is committed to developing the skills of their employees and contractors to meet the operational needs of its business. During 2008 staff training was conducted in-house using a number of techniques which included training courses developed specifically for Epic Energy and delivered using self paced modules or as a group presentation using either a training service provider or suitably skilled Epic Energy staff.

In addition to internal training, staff attended a range of external courses selected to further enhance their knowledge of the natural gas and liquid hydrocarbon pipeline transmission industry. The range of training staff attended during 2008 included:

- 4WD / Defensive Driving
- AS 2885.3 Pipelines Gas & Liquid Petroleum - O & M
- Basic Fire Prevention & Control (Extinguishers)/Refresher (Phase 3)
- Cathodic Protection Monitoring
- Communications Vault System Administration
- Communications Vault The New Manager
- Concepts of Instrumentation - Instrumentation Modules
- Confined Space Awareness & Entry
- Corrosion Protection
- Senior First Aid & CPR

- Data Capture/Eddict
- Earthing & Cad-weld Seminar
- Elevated Work Platform WP
- Emergency Equipment - Familiarization
- Environmental Auditor Certification Workshop
- Excavation of Pipelines
- Fisher Control Valve Operation & Maintenance
- Fisher Digital Valve Controllers Ops & Maintenance
- Fisher Farris PSV Safety Relief Valves Ops & Maintenance
- Fisher Regulator Operation & Maintenance
- Fisher Wizard Controller Ops & Maintenance
- Flow Measuring Instruments - Basics
- Gas Detection - Santos
- Hazard Identification and Control
- Hazardous Materials (MSDS)
- Heat Stress -
- Install Trench Support
- Instrumentation Drawings & Manuals - Instrumentation Modules
- Introduction To Gas Pipelines
- Introduction to Pigging
- Inventor Tube & Pipe Design
- Job Hazard Analysis
- Level/Density - Instrumentation Modules
- Mercury Awareness
- Parker Instrumentation - Tube Fabrication
- Parker Instrumentation - Tube Fitting
- Permit To Work System / Refresher
- Pipeline Construction and Facilities
- Pipeline Locator - Metrotech Training
- Pipeline Locator -Ditch Witch
- Pipeline Surveillance and Easement Activities
- Pipeline System Components Introduction
- Plans and Instrumentation Drawings P&ID's
- Pressure - Instrumentation Modules
- Principles of Flow Measurement
- Quality Environmental & Management Systems Update Training - For Managers & Team Leaders
- Santos Safety inductions & Permit to Work
- SCADA and Control Systems Basics
- SCADA Systems Forum
- Swagelok Tube Bending
- Swagelok Tube Fitting
- Temperature - Instrumentation Modules
- The Atmosphere & Working With Gases
- Third Party Works
- Transmitters & Converters - Instrumentation Modules
- White Card - National OHS Common Industry Induction
- Working at Heights
- Work-zone Traffic Management

4.3 Operations & Maintenance Activities

Operations and maintenance activities have been conducted in accordance with AS2885 and other relevant standards with work programmed at frequencies in accordance with the 2008 Annual maintenance Plan. All routine and corrective maintenance activities identified are specified in Epic Energy's CMMS and are scheduled by this system which generates work orders for maintenance staff to complete. Some of the key items in the 2008 maintenance schedule include:

- Road Patrols conducted on a monthly basis; all action items identified during the patrols were rectified immediately by the patrolling officer or completed during regular maintenance visits by Epic Energy personnel.
- Inspection and maintenance of dust and coalescer filter vessels.
- Monthly Meter, Off-take & Scraper site inspections carried out by Epic Energy authorized contractors with no major issues identified.
- Inspection and servicing of all fire extinguishers
- Six monthly maintenance was carried out on all MLV's and Pig Vessels during the year.
- Six monthly Cathodic Protection full line on/off potential surveys.
- DCVG survey
- Six monthly mechanical and electrical/instrumentation maintenance carried out on all meter stations and associated equipment.
- Three monthly Accuracy Verification Testing at all meter stations.
- Administration of the Freecall 1100 "Dial Before You Dig" system with 24 calls received throughout the year relating directly to the SEP system.
- Landowner Contact and Community Pipeline Safety Awareness program

4.3.1 Patrol Activities

Monthly road patrols were completed in 2008. The road patrols ensure that the following pipeline activities are addressed:

- Signage is in suitable condition and if not, repairs are affected as soon as is practically possible. Any issues not addressed during the patrol are fed back into the CMMS.
- to ensure there are no unauthorized activities occurring along the pipeline route or at any of the facilities
- restoration of any soil erosion due to wind and water is addressed
- there are no leaks occurring at any of the pipeline facilities or along the pipeline route
- all sites are secure, kept clean, neat and tidy
- Items including above ground pipe coating condition, fences, gates, padlocks, signage, fire extinguishers, weeding and other housekeeping activities are addressed at the mainline valve and scraper station facilities associated with the pipeline system.

In 2008 no significant issues were identified during any of the patrols, minor remediation work was carried out replacing and repairing signage.

4.3.2 Cathodic Protection

During March and September 2008 full line cathodic protection surveys were undertaken on the SEP. ON potential surveys only are possible on this pipeline system because the pipelines are protected by sacrificial anodes.

4.3.2.1 Katnook Plant to Apcel

This lateral is protected by ten magnesium anodes; six zinc AC mitigation anodes have are also installed where the pipeline is in close proximity to high voltage overhead power lines. The ON

potential readings indicate that the pipeline is satisfactorily protected.

4.3.2.2 Katnook Plant to Safries

This lateral is protected by five magnesium anodes; the ON potential readings indicate that the pipeline is satisfactorily protected. It has been noted that the insulation flanges at the Safries Meter Station are shorted to the plant pipework and require replacement.

4.3.2.3 Glencoe Junction to Mount Gambier

This lateral is protected by five magnesium anodes; three zinc AC mitigation anodes have are also installed where the pipeline is in close proximity to high voltage overhead power lines. The ON potential readings indicate that the pipeline is satisfactorily protected. It has been noted that the insulation flanges at the Mount Gambier Meter Station are shorted to the plant pipework and require replacement.

4.3.2.4 Nangwarry Lateral

This lateral is protected by four zinc anodes; the ON potential readings indicate that the pipeline is satisfactorily protected

4.3.3 Coating Integrity

A coating defect survey was conducted on the SEP in May 2008. The % IR at each coating defect measured during the survey represents the loss of protection sustained for any level of cathodic protection applied ; defects 15 % IR or greater are repaired.

The following defects were noted during the survey:

- Safries Lateral – 1 defect 2.6 % IR
- Katnook to Safries Lateral– 4 defects greater than 15 % IR
- Nangwarry Lateral – 1 defect 0.4 % IR
- Glencoe to Mount Gambier Lateral – 1 defect 11.0 % IR, 1 defect greater than 15 % IR

The five coating defects on the Katnook to Safries and Glencoe to Mount Gambier laterals with IR greater than 15 % will be included in the maintenance plan and refurbished during 2009.

4.3.4 Pipeline Integrity

With the introduction of the wells producing the Geographe/Thylacine reservoir in the Otway Basin, CO_2 concentrations could no longer be sustained within the agreed concentration limits for gas production onto the South East Pipeline SEP system. Although the expected maximum concentration was increased, it remained with the bounds of the National Gas Specification, which limits total inerts, not specifying individual components.

The SEP meter stations include pressure regulation down to levels appropriate for domestic reticulation and industrial use. This results in temperature reduction by the Joule-Thompson effect and increasing the capability of free water liberation in the pipes immediately downstream of the regulators. While the likelihood of producing free water at these locations is the highest, along with high gas velocity, but at low temp which will slow the oxidation, the outcome is difficult to predict.

The immediate response was the temporary introduction of an inlet pressure limitation to reduce the pressure differential and JT effect.

A prescribed maximum moisture content, accompanying given CO_2 concentrations, was then

introduced which allowed operational flexibility to align with the capability of the amine scrubbers to remove CO_2.

The introduction of a nominal pressure cut at a location downstream of the SEP system inlet was trailed. This allowed the same effect as an inlet pressure reduction with a greater survival time for the system in the event of loss of input, due to a greater gas inventory held. There are prevailing continuity of supply issues with this technique, which will be addressed in 2009.

To make an assessment of the current condition of the pipelines, the residues retrieved from station filters is being analyzed. The presence of carbonates would indicate CO_2 corrosion.

An integrity survey of the station pipework, where ultrasonic thickness (UT) testing was undertaken at strategic points within each station, identified that there has been some metal loss. While this represents no immediate issue, it is planned to introduce a UT routine to maintain confidence in the pressure integrity of this pipework.

An external consultant has been engaged to undertake an investigation I all feasible options and produce a FEED study with recommendations.

Options include:

- Introduce monitoring regime, such as UT, Corrosion probes or intelligent pigging.
- Gas heating prior to pressure reduction, by Water Bath Heater or immersed electric element.
- Addition of corrosion inhibitor, which will require a system of removal prior to domestic reticulation.

4.3.5 Electrical and Instrumentation

Accuracy Verification Testing was completed on a three monthly basis at all meter stations on the South East Pipeline System. Customer representatives attended AVT's at several locations throughout the year. There were no significant issues associated with the gas metering.

Electrical compliance testing was carried out on all portable electrical equipment and residual current devices (RCD's) at all sites.

Routine six monthly maintenance was carried out at all meter stations in this reporting period. This involved calibration of all non-billing transmitters, testing all remotely operated valves, calibration of all switches and testing of all associated systems.

There were no significant electrical instrumentation faults reported in 2008.

4.3.6 Mechanical

All routine mechanical maintenance activities were completed as scheduled on the South East Pipeline system. This work involved MLV servicing, station dust filter inspection/replacement, door closure maintenance, coalescing filter inspection/maintenance and pig launcher/receiver maintenance.

Routine inspection and maintenance was carried out on the pressure regulation/pressure relief systems and ESD valves at all South East Meter Stations on a 6 monthly basis. Maintenance tasks for the pressure control systems consisted of the inspection/overhaul of regulator seats, pilots and instrumentation filters to ensure correct operation of set points of the active/monitor and bypass regulation systems.

Pressure Safety Valves were also checked to confirm correct set point, operation and alarming functions. Where applicable, overpressure isolation valve functions are tested to ensure satisfactory

operation. All routine 6 monthly maintenance is documented via Epic Energy's computerized asset management system (MAXIMO) and file copies are located within the central filing system.

All buildings and structures are inspected and maintained as part of routine maintenance procedures are in sound condition.

There were no major mechanical failures were reported for the South East Pipeline during 2008.

4.3.7 Leak Detection

The Epic Energy Transportation Services Control Centre [TSCC] located in Melbourne operates a Telvent OASyS DNA 7.4 SCADA system that continually monitors the South East Pipeline System. Incorporated into the SCADA is the Pipeline Leak Monitoring System that provides real time leak detection capability based on linepack inventory, flows in and out of the system, gas quality and pressure and temperature rate changes. This allow the duty controller to instantly identify any action anomalies that may be occurring and take appropriate actions.

The real time leak detection system is supported by maintenance activities along the pipeline route which assists I the identification of any pipeline or facility leaks. Additional daily checks of the hourly line balance are carried out by the pipeline operations group and senior maintenance/ technical team.

4.3.8 Communications

Epic Energy operates and controls the Katnook – South East Pipeline System from the Transportation Services Control Centre (TSCC) in Melbourne, Victoria, using the Epic Energy Metro SCADA System. The Katnook – South East Pipeline System can also be monitored and controlled on a stand-alone system from Epic Energy's emergency control centre in Dry Creek, South Australia.

The Epic Energy SCADA system is a distributed, dual redundant, SCADA system, which utilizes Epic Energy and third party communications providers, to communicate to the remote field telemetry devices. A volume based Pipeline Leak Monitoring system is configured in the SCADA system to alarm when a defined volume imbalance is experienced in a defined period of time.

The communications system had several minor failures during the year resulting in the resetting of Telstra and Epic Energy equipment.

There were no significant communication faults reported in 2008.

5 INCIDENT REPORTING

There have been no reportable incidents during 2008 for the South East Pipeline System.

6 LAND MANAGEMENT

6.1 Land Owner Liaisons

There are 83 landholders along the South East pipeline System. All available landowners on the pipeline were contacted during the year and a questionnaire was completed as part of each visit. The questions were centered on people's contact details, current and proposed land use, awareness of the pipeline location and their responsibilities with respect to works in the pipeline vicinity.

As part of Epic Energy's continuous improvement program for pipeline awareness the landowners were posted two letters and safety brochures during the year containing information covering pipeline and easement safety and the responsibilities landowners have to ensure no safety breaches occur on

their properties. An Epic Energy year 2009 calendar reminding the landowner of pipeline safety was also forwarded in December 2008.

Protavia Pty Ltd is proposing to develop a new Pulp Mill in the South East region in the vicinity of the Katnook Gas Processing Plant and the Epic Energy South East Pipeline System. Although this a project has not progressed within the last 12 months, Epic Energy are continuing to work with the developer to monitor any new activity with this project.

6.2 Pipeline Safety Awareness

Epic Energy implements a Community Awareness Program, which entails holding awareness meetings with communities along the pipeline route. To cover the various pipeline infrastructure that Epic Energy operates and maintains in South Australia Epic Energy had set a 2008 national target of a minimum 45 meetings annually with CFS, MFS, Police, Ambulance, SES, councils, earth moving contractors, irrigation and fencing installation contractors.

The presentations focus on the general properties of the liquid hydrocarbons transported, the process of liquids hydrocarbon transmission by pipeline, location of the high pressure liquids pipeline in the regions concerned, correct procedures when working within pipeline easements, pipeline threats and dealing with emergency situations.

A total of six Pipeline Safety Awareness Presentations were carried out to Utilities, Emergency Services and Councils in areas associated with the South East Pipeline System in 2008.

6.3 Pipeline Location and Referral Services

Epic Energy provides a free service to locate any pipeline that they own or operate on behalf of third parties. This service is primarily used by other companies and third parties carrying out civil works in the vicinity of the pipelines.

During 2008 Epic Energy received and attended eighteen enquiries via the free call 1100 “Dial Before You Dig” asset referral service in relation to third party activity in the vicinity of the South East Pipeline System.

There were no third party encroachments on the pipeline easement in 2008.

7 ENVIRONMENTAL MANAGEMENT

Epic Energy has an audit program that ensures regular audits of the pipeline systems and procedures. An Environmental Audit on Operations of the South East Pipeline System (PL3&4) was carried out in July 2007 and the pipeline operation was found to generally be compliant with the Statement of Environmental Objectives. The Environmental impact of on-ground pipeline operations was minimal. Another Environmental Audit is scheduled to undertake in 2009 to assess the operational environmental management practices against the Statement of Environmental Objectives [SEO].

Appendix A contains the “Assessment of Declared Objectives” completed for the South East Pipeline system.

8 EMERGENCY RESPONSE

Pipeline Licence 3&4 states that an Emergency Exercise is to be conducted on the South East Pipeline System once every two years and in addition to this exercise a set of Emergency Response procedures is to be developed and maintained. These procedures are detailed in Epic Energy’s

"Emergency Response Manual". During 2008 a new Emergency Response Manual was developed, tested and approved.

An emergency exercise training drills were carried out specifically on the South East Pipeline in 2008, The objectives of the emergency exercise drill was to test procedures and personnel in several areas, including:

- Roles and Responsibilities – Understanding of ERT.
- First on site preparedness.
- Notification Process Testing
- Inspection of Repair Equipment and First Response Emergency Trainer.
- Review of the Emergency Repair Clamps.

Epic Energy continued to test its Emergency Response Plan and personnel throughout the year with two additional emergency response scenarios on other pipeline systems. These included a desktop exercise and a full mobilization exercise.

9 REGULATORY COMPLIANCE

Every endeavor is made to ensure that design, manufacture, construction, operation, maintenance and testing of all appropriate facilities, is carried out in accordance with AS2885.

Epic Energy is not aware of any outstanding non compliance for the South East Pipeline in accordance with:

- The Petroleum Act & Regulations 2000
- The Pipeline Licence (PL3&4)
- The Statement of Environmental Objectives

Any non-compliance identified is logged in the CMMS where it is tracked to conclusion. Significant items are reported through Santos to PIRSA. All other issues are raised at the quarterly meetings between Santos and Epic Energy and if required at the quarterly Santos/Epic Energy and PIRSA meeting.

10 RISK MANAGEMENT

Epic Energy continually reviews operational risks with assessments including inputs from experienced gas industry personnel and emergency services representatives providing an insight into potential new risks and assisting in the development of appropriate management strategies.

Epic Energy utilizes the following risk management strategies to minimize risks to ALARP.

- Aerial and ground monitoring of the pipeline easement activities
- Safe Work Systems, including Permit to Work
- Routine maintenance activities to ensure all of the pipeline facilities are maintained in accordance with best industry practices and the relevant codes and standards that apply
- Design change control
- In accordance with AS2885 five yearly metre by metre risk assessment reviews
- Pipeline & Safety awareness program
- Land ownership and use notification system
- Landholder and stakeholder contact program
- Participation in state forums for external risk management
- Free "1100" Dial before You Dig information system

11 MANAGEMENT SYSTEM AUDITS

11.1 Environmental Audits

No environmental audit is conducted in 2008. An Environmental Audit on Operations of the South East Pipeline System (PL3&4) was carried out by Epic Energy's Civil Environmental Engineer in July 2007. The findings of the audit confirmed the operational practices to be generally compliant with minimal ground environmental impact. A small number of partial compliances were noted, primarily in the use of system documentation. Epic Energy is establishing a new Environmental Management System and this would enhance the awareness and knowledge of Epic personnel and contractors on the general requirements of the specific environmental issues that relate to the day-to-day activities.

Appendix A contains the "Assessment of Declared Objectives" completed for the South East Pipeline System.

11.2 Health and Safety Audits

During 2008 Epic Energy continued with its program of conducting health and safety audits of its pipeline facilities, with the 2008 schedule focusing on system adequacy. Operational safety information is regularly forwarded to the field maintenance staff via safety alerts and safety bulletins.

11.3 Management Audit

Epic Energy has a Management Audit Plan to review policies, procedures and safe work systems to ensure compliance with the various acts, regulations, standards and pipeline licence requirements. The audit program for 2008 targeted 39 audits for completion in the areas of engineering, maintenance, OH&S, land and environment, control centre and finance.

In 2008 work progressed in developing an new Safe Work System (Permit to Work, Working at Heights, Excavation, Confined Space, Job Hazard Analysis, Isolation and tagging procedures, check Lists and Permit Forms), the new system has been scheduled to be introduced into the work force in the first quarter of 2009.

12 REPORTS ISSUED DURING THE 2008 LICENCE YEAR

The following reports were issued and forwarded to PIRSA-Petroleum Group, during the 2008 licence year:

- PL 3 & 4 Annual Report for 2007
- Emergency Exercise Report

13 VOLUME OF PRODUCT TRANSPORTED

2858.539 TJ of natural gas was transported through the SEP system during 2008.

14 PROPOSED OPERATIONAL ACTIVITIES FOR 2009 LICENCE YEAR

During 2009 the following activities are proposed for the SEP system:

- Complete all scheduled routine maintenance activities and corrective maintenance identified
- Submit a 2008 Annual Report
- Low Temperature Upgrade Project _ Install regulators at Glencoe Junction to reduce the pressure drop at meter station outlets

- Replace the Kimberley Clarke pig trap isolation valve
- Pressure vessel inspections

15 STATEMENT OF EXPENDITURE

Commercial In Confidence

16 KEY PERFORMANCE INDICATORS

The following key performance indicators have previously been established to monitor performance of operations and maintenance activities on the SEP system. Outlined below are the KPI results for 2008.

	2008 Target	2008 Actual	2008 Comments
Cathodic Protection			
Percentage of the pipeline protected to the AS2885-1997 level	100%	100%	This represents a satisfactory level of protection over the entire length of the pipeline.
Third Party Incident			
Number of times pipeline is damaged	0	0	No damaged occurred to the pipeline during the reporting period
Number of near misses (digging within 1m of pipeline)	0	0	No activities of this nature that involved Epic Energy the owner or a third party were identified during the reporting period
Exposure of pipeline due to washout and wind erosion	0	0	During the reporting period, there were no instances of the pipeline cover being eroded due to wind or water
SCADA and Leak Detection			
Reliability of SCADA and Leak Detection System	100%	99.62%	During the reporting period a small number of minor communications outages were caused as a result of inclement weather or equipment failures, these were rectified in a timely manner.
Environmental			
Number of uncontrolled hydrocarbon releases	0	0	No uncontrolled Hydrocarbon releases were recorded during the reporting period
Earth Tremor Surveillance			
Vehicular surveillance immediately after an earth tremor or flood	100%	100%	No floods or earth tremors were reported during 2008

17 CONCLUSION

The maintenance and inspection programs carried out on the SEP system in 2008 indicated the pipeline is in sound condition and is capable of operating at set parameters with no restrictions.

The pipeline is considered to be in good working condition and well maintained.

Appendix A – Assessment of Compliance with Statement of Objectives

OBJECTIVE	GOAL	OBJECTIVE ACHIEVED	OBJECTIVE ACHIEVED "YES/NO"	SUPPORTING COMMENTS
1. To avoid unnecessary disturbance to 3rd party infrastructure, landholders or land use	**1.1** To minimise disturbance or damage to infrastructure/land use and remediate where disturbance cannot be avoided	Where disturbance is unavoidable or accidental, infrastructure or land use is restored to the satisfaction of the landholder or to undisturbed condition. Duration of disturbance does not exceed agreed timeframe.	Yes	There was no disturbance or damage to 3rd party infrastructure, landowners or land use as a result of pipeline operations.
	1.2 To minimise disturbance to landholders	No unresolved landholder complaints. Landholder activities not restricted or disturbed as a result of pipeline activities unless by prior arrangement.	Yes	Refer to 1.1
2. To maintain soil stability/ integrity	**2.1** To remediate erosion as a result of pipeline operations in a timely manner	The extent of soil erosion on the easement was consistent with surrounding land.	Yes	The pipeline is routinely patrolled with no erosion or soil inversions detected as part of this activity.
	2.2 To prevent soil inversion	Vegetation cover is consistent with surrounding land. No evidence of subsoil on surface (colour). Landholder signoff.	Yes	Refer to 2.1

OBJECTIVE	GOAL	OBJECTIVE ACHIEVED	OBJECTIVE ACHIEVED "YES/NO"	SUPPORTING COMMENTS
3. To maintain native vegetation cover on the easement	**3.1** To maintain regrowth of native vegetation on the easement to be consistent with surrounding area	Species abundance and distribution on the easement was consistent with the surrounding area. Note: assessment of the consistency with surrounding areas will take into account that regrowth is a time and rainfall dependent process.	Yes	The native vegetation within the pipeline easement is consistent with surrounding environment as per an environmental audit conducted in 2007
	3.2 To minimise additional clearing of native vegetation as part of operational activities	Vegetation clearing within the easement or on land adjacent to the easement is limited to previously disturbed areas or areas assessed to be of low sensitivity, unless prior regulatory approval obtained.	Yes	No Excavation or clearing activities were undertaken on the SEP system during 2008.
	3.3 To ensure maintenance activities are planned and conducted in a manner that minimises impacts on native fauna	Vegetation clearing within the easement or on land adjacent to the easement is limited to previously disturbed areas or areas assessed to be of low sensitivity, unless prior regulatory approval obtained.	Yes	Refer to 3.2
4. To prevent the spread of weeds and pathogens	**4.1** To ensure that weeds and pathogens are controlled at a level that is at least consistent with adjacent land	The presence of weeds and pathogens on the easement was consistent with or better than adjacent land. No new outbreak or spread of weeds reported.	Yes	The presence of weeds and pathogens on the easement is consistent with adjacent land as per an environmental audit conducted in 2007.

OBJECTIVE	GOAL	OBJECTIVE ACHIEVED	OBJECTIVE ACHIEVED "YES/NO"	SUPPORTING COMMENTS
5. To minimise the impact of the pipeline operations on surface water resources	**5.1** To maintain current surface drainage patterns	For excavations, surface drainage profiles restored. For existing easement, drainage is maintained to pre-existing conditions or better.	Yes	There were no alterations to existing landscapes or drainage patterns during 2008.
6. To avoid land or water contamination	**6.1** To prevent spills occurring, and if they occur minimise their impact	No evidence of any spills or leaks to areas not designated to contain spills. In the event of a spill, the spill was: • Reported • Contained • Cleaned-up, and • Cause investigated and corrective and/or preventative action implemented. Compliance with relevant sections of the Environment Protection Act.	Yes	No spills occurred in 2008.
	6.2 To ensure that rubbish and waste material is disposed of in an appropriate manner.	No evidence of rubbish or litter on easement or at facilities. No evidence that waste material is not contained and disposed of in accordance with Epic approved procedures.	Yes	All rubbish generated as a consequence of operational and maintenance activities is collected, removed from site and disposed of at an approved waste disposal facility.

OBJECTIVE	GOAL	OBJECTIVE ACHIEVED	OBJECTIVE ACHIEVED "YES/NO"	SUPPORTING COMMENTS
	6.3 To prevent impacts as a result of waste water disposal	No evidence of impacts to soil, water and vegetation as a result of water disposal (ie. soil erosion, dead vegetation, water discoloration).	Yes	No maintenance activities were conducted that required the disposal of waste water and in addition no facilities have any systems installed that generate waste water.
7. To minimise the risk to public health and safety	**7.1** To adequately protect public safety during normal operations	No injuries or incidents involving the public. Demonstrated compliance with AS 2885. Emergency procedures implemented and personnel trained.	Yes	All pipeline signage is considered to be fit for purpose and is maintained at a standard to meet AS2885 requirements All landowners on the pipeline were visited by an Epic Energy representative during 2008.
	7.2 To adequately protect public safety during maintenance	No injuries or incidents involving the public. Emergency procedures implemented and personnel trained.	Yes	Epic Energy and its contractors operate under a Safety system that includes working with detailed instructions, permit to work and job hazard analysis which all contribute to achieving this objective.
	7.3 To avoid fires associated with pipeline maintenance activities	No pipeline related fires. Emergency procedures implemented and personnel trained.	Yes	There were no fires on the SEP system during 2008
	7.4 To prevent unauthorised activity on the easement that may adversely impact on the pipeline integrity	No unauthorised activity on the easement that has the potential to impact on the pipeline integrity.	Yes	There were no easement encroachments identified or reported during 2008.

OBJECTIVE	GOAL	OBJECTIVE ACHIEVED	OBJECTIVE ACHIEVED "YES/NO"	SUPPORTING COMMENTS
8. Minimise impact of emergency situations	**8.1** To minimise the impact as a result of an emergency situation or incident	Emergency response procedures are effectively implemented in the event of an emergency. Emergency response exercises are aligned with credible threats and consequences identified in the risk assessment.	Yes	No emergency response incidents reported during 2008.
	8.2 To restore any damage that may occur as a result of an emergency situation	Refer to previous criteria (Objective 1, 2, 3 & 6).	Yes	No emergency response incidents reported during 2008.
9. To minimise noise due to operations	**9.1** To ensure operations comply with noise standards	Operational activities comply with noise regulations, under the Environment Protection Act 1993. No complaints received.	Yes	No complaints received during 2008.
10. To minimise atmospheric emissions	**10.1** To eliminate uncontrolled atmospheric emissions	No uncontrolled atmospheric emission.	Yes	No uncontrolled atmospheric emissions occurred or were reported in 2008.
	10.2 To minimise the generation of dust.	No complaints received. No dust related injuries recorded.	Yes	No operation and maintenance activities were conducted that contributed to the generation of any dust over and above that which is normally expected in the areas where the pipeline is installed.

OBJECTIVE	GOAL	OBJECTIVE ACHIEVED	OBJECTIVE ACHIEVED "YES/NO"	SUPPORTING COMMENTS
11. To adequately protect cultural heritage sites and values during operations and maintenance	**11.1** To ensure that identified cultural sites are not disturbed	No impact to known sites. Any new sites identified are recorded in Land Management System and reported to appropriate authority.	Yes	No operation and maintenance activities occurred that would have had the potential to impact on any cultural heritage sites or the values of native peoples.