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South Australian Government Department of Primary Industries and Resources

Licence 8 - Annual Report July 2009 – June 2010



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1 INTRODUCTION

This report provides information to the Minister of Mineral Resources Development of South Australia in accordance with requirements of the *Petroleum and Geothermal Energy Act 2000* and Section 33 of the *Petroleum and Geothermal Energy Regulations 2000* and AS2885.3 - 2001.

Gorodok Pty Ltd owns the Moomba-Sydney Ethane Gas Pipeline. APA Group maintains the pipeline on the behalf of Gorodok. The pipeline in this report begins at the Moomba gas fields in South Australia and ends at the SA and QLD border. The entire section is approximately 101 km of 219mm OD pipeline.

This report is applicable to Gorodok's activities in Pipeline Licence 8 (the South Australia Section of Moomba-Sydney Ethane Gas Pipeline) during the period 1st July 2009 to 30th June 2010.

2 REGULATED ACTIVITIES

2.1 *Inline Inspection (ILI)*

There was no in-line inspection carried out on this section of the pipeline during the report period.

2.2 *Corrosion control*

2.2.1 Annual Pipe to Soil Potential Survey

The annual pipe-to-soil survey from MS00 to MS101 was completed in October 2009. All test points surveyed were protected according to AS2832.1.

2.2.2 Cathodic Protection System

Two CP units at MS29 and MS83 protect the pipeline. No significant outages affecting protection were recorded.

Telemetry systems on the cathodic protection system operated reliably for the period.

2.3 *Emergency Simulation Exercise*

There was two emergency response simulation exercise conducted by APA Group during the reporting period.

2.4 *Mechanical and electrical maintenance*

Routine six-monthly maintenance was performed at MS00, MS29, MS55 and MS83 as per the maintenance schedule. This included all line valves and coolers at the Moomba inlet station. Santos operators inspected the Moomba cooler inlet station each week. This maintenance was performed in accordance with the 'Gorodok Operations and Maintenance Agreement 1994' and to the requirements of Standard AS/NZS 2885.3 2001.



Six monthly and security inspections (“O” service) were completed at each valve site.

During this period, there were no equipment failures that posed a threat to the operating integrity of the pipeline.

2.5 Communications/SCADA

A new SCADA system was commissioned during the reporting period and is operational.

3 EASEMENT MANAGEMENT

3.1 Easement Maintenance

The easement was surveyed according to the Safety and Operating Plan. No significant issues were observed.

General housekeeping has been maintained at the valve sites.

3.2 Landowner and Emergency Services Activities

Landowners within the South Australian section of the pipeline were visited by APA personnel from the Cobar Operations base during the report period.

3.3 Surveillance

Aerial patrols of the pipeline route were completed each month with additional vehicle patrols conducted in association with other maintenance activities.

4 HEALTH, SAFETY AND ENVIRONMENT

4.1 HSE System

APA Group recorded no LTI, MTI or environmental incidents on the pipeline in South Australia during this period.

The program “Non Negotiables,” which is based around the high-risk areas of the business continued to be implemented. The program focuses on five main areas: Incident and Hazard Management, Work Permits, Personal Protective Equipment, Competency, Licences and Training, and Plant, Tools and Equipment.

A number of lifestyle initiatives were instigated, including A Summer Safety Awareness Program focusing on Sun Protection and Dehydration, and the Global Corporate Challenge.

APA Group submitted the results from the HSEMS Self Assessment audit in November 2009. In response to the audit, APA has also committed to an external review of the HSE system to be completed by October 2010 and to conduct the self assessment tool again next year.



4.2 Environment

There were no environmental incidents during the report period.

This report notes that Pipeline License 8 and Pipeline License 7 share a common easement and therefore easement activities and monitoring programs relating to PL 7 are relevant to SEO compliance monitoring for PL 8.

5 REGULATORY COMPLIANCE

Gorodok (owner of Moomba-Sydney ethane pipeline) and APA Group (Gorodok's operations and maintenance contractor) comply with all relevant Acts, regulations, the licence and Statement of Environmental Objectives.

The pipeline is operated as per the requirements of AS2885.3-2001.

There was no identified issue of non-compliance to the Act.

6 COMPLIANCE

6.1 Management System Audits

The annual independent Safety and Operating Plan (SAOP) audit was conducted in May 2010. While the final report for the 2010 audit has yet to be finalised, all recommendations identified in the 2009 SaOP audit have been closed out.

Internal audits were also carried out on the management systems within APA during the reporting year.

6.2 List of Reports

6.2.1 Reports Submitted to PIRSA

- Annual report (this report)

6.2.2 Gorodok Data or Reports

- Annual CP Survey report
- MFL Inspection Report 2008

6.3 Threat Mitigation, Prevention

No reasonably foreseeable threats (other than those identified in the risk assessment previously reported) apply to this section of the pipeline.



7 FUTURE OPERATIONS

All maintenance operations will continue as scheduled to ensure that the integrity of the pipeline system is being maintained, as well as the safety and efficiency of APA operations.

8 PIPELINE OPERATION

The quantity of ethane transported through the Moomba-Sydney ethane pipeline for the year ended 30 June 2010 is shown in the following table:

	Tonnes	Max (tonnes)/day	Average (tonnes)/day
July	24218	833	783
August	22839	852	731
September	22380	857	742
October	23841	840	763
November	23952	868	800
December	26024	969	841
January	24539	954	802
February	18277	700	653
March	23889	893	779
April	23864	908	799
May	25699	988	836
June	19700	934	654
YTD	279222	988	765

9 Statement of Expenditure



Appendix 1: Assessment of Compliance against SEO Objectives

Objective	Goal	Assessment Criteria	Objective achieved	Supporting Comment
1. To maintain soil stability / integrity on the easement.	1.1 To remediate erosion or subsidence as a result of pipeline operations in a timely manner.	No unremediated subsidence. The extent of soil erosion on the easement is consistent with surrounding land. No excessive erosion on areas adjacent to corridor as a result of easement.	Yes	Soil type in the region is characteristic of arid outback condition with sand dunes and sandy plains. Due to weather conditions over the last two quarters, soil erosion will be closely monitored.
	1.2 To prevent soil inversion.	Vegetation cover is consistent with surrounding land. No evidence of subsoil on surface (colour).	Yes	Patrols have not reported any soil inversion concerns on the Ethane pipeline.
	1.3 To mitigate soil compaction if necessary by remedial action	No visual evidence of soil compaction following remediation of pipeline easement (e.g. hard soil, local water pooling)	Yes	Due to weather conditions over the last two quarters, some compaction may be of concern at excavated areas. Ongoing monitoring will occur during routine aerial patrols.
	1.4 To reinstate soil and terrain as near as practicable to pre-existing contours and conditions	Surface contours consistent with adjacent land	Yes	Ongoing monitoring will occur during routine aerial patrols.
2. To minimise and manage impacts to water resources.	2.1 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	No issues identified during routine aerial patrols.
	2.2 To minimise disruption to third party use of waters.	No reasonable complaints received from landholders or third party users in relation to use of surface waters.	Yes	No complaints were received.
3. To avoid land or water contamination.	3.1 To prevent spills occurring and if they occur minimise their impact.	No soil or water contamination as a result of pipeline activities. Compliance with <i>Environment Protection Act 1993</i>	Yes	No environmental incidents were recorded.

Objective	Goal	Assessment Criteria	Objective achieved	Supporting Comment
	3.2 To ensure that rubbish and waste material are disposed of in an appropriate manner.	No pipeline related rubbish or litter on easement or at facilities or on surrounding land. Waste material is contained and disposed of in accordance with APA approved procedures and <i>Environment Protection Act 1993</i>	Yes	No issues identified during site inspections or HSE audit in the area during Pipeline Licence 7 major works.
	3.3 To prevent impacts as a result of hydrotest water, trench water and waste water (e.g. washdown water) disposal.	Discharge water meets appropriate ANZECC and EPA criteria for point of disposal. No evidence of impacts to soil, water and vegetation as a result of water disposal (e.g. soil erosion, dead vegetation, water discoloration).	Yes	No discharge water was disposed on easement.
	3.4 To ensure the safe and appropriate disposal of camp wastewater (grey water, sewage).	No soil or water contamination as a result of camp wastewater disposal.	Yes	Camp for Licence 7 had compliant and approved wash down, grey water, sewage, workshop and kitchen facilities.
4. To promote and maintain native vegetation cover on the easement.	4.1 To promote and maintain regrowth on the easement to be consistent with the surrounding area.	Species abundance and distribution on the easement is reasonably consistent with surrounding areas. Note: assessment of the consistency with surrounding areas will take into account that regrowth is a time and rainfall dependent process.	Yes	Due to weather conditions over the last two quarters, prolific vegetation growth is anticipated.
	4.2 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, unless prior regulatory approval obtained under the <i>Native Vegetation Act 1991</i> .	Yes	The majority of Pipeline Licence 7 works occurred within the pipeline easement, which has a history of disturbance and is relatively free of vegetation. No clearing required.
	4.3 To ensure maintenance activities are planned and conducted in a manner that minimises on native fauna.	Native fauna casualties associated with operations restricted to as low as reasonably practical.	Yes	No major works were conducted on Pipeline Licence 8 in the reporting period.



Objective	Goal	Assessment Criteria	Objective achieved	Supporting Comment
5. To avoid the spread of weeds and pathogens.	5.1 To ensure that weeds and pathogens are controlled at a level that is at least consistent with adjacent land.	The presence of weeds on the easement is consistent with or better than adjacent land. No new outbreak or spread of weeds or pathogens as a result of pipeline activities.	Yes	The EMP states that <i>"If weeds are identified on the pipeline easement prior to works, they will be removed and disposed of (weeds should not be of a higher density on the easement than the surrounding landscape). Vehicles and equipment will be checked and cleaned as required to minimise the introduction and spreading of weeds."</i> No issues were reported or complaints received during PL 7 major works.
6. To adequately protect heritage sites and values during operations and maintenance.	6.1 To ensure that identified heritage sites are not disturbed.	No impact to known heritage sites without approval under the <i>Aboriginal Heritage Act 1988</i> or the <i>Heritage Places Act 1993</i> . Any new sites identified are reported to appropriate authority and recorded.	Yes	All project works occurred in areas previously disturbed during pipeline construction. EMP states that: <i>"If any items of heritage significance are uncovered as a result of project activities, all works that may further disturb the item shall cease and the appropriate authority contacted"</i> . No items were identified during the PL 7 work program.
7. To minimise noise due to operations.	7.1 To ensure operations comply with noise standards.	No reasonable complaints received.	Yes	Given the remoteness of the work sites, adjoining properties comprise large parcels of land, and there are no homesteads within close proximity to the dig sites. Noise is not considered to be an issue during works. No complaints were received and liaison with landowners occurred.
8. To minimise atmospheric emissions.	8.1 To minimise controlled and uncontrolled atmospheric emissions.	No uncontrolled atmospheric emissions (e.g. due to malfunction or mis-operation).	Yes	No uncontrolled emissions occurred.
	8.2 To minimise the generation of dust.	No reasonable complaints received.	Yes	No complaints were received.



Objective	Goal	Assessment Criteria	Objective achieved	Supporting Comment
9. To avoid unnecessary disturbance to third party infrastructure, landholders or landuse.	9.1 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 as near as practicable to undisturbed condition. Duration of disturbance does not exceed agreed timeframe. No reasonable complaints received.	Yes	Consultation with landowners occurred. Due to remoteness of operation, disturbance to third party was minimal. No complaints were received.
	9.2 To minimise disturbance to landholders.	No reasonable landholder complaints. Landholder activities not restricted or disturbed as a result of pipeline activities unless by prior arrangement.	Yes	Consultation with landowners occurred. Due to remoteness of operation, disturbance to third party was minimal. No complaints were received.
10. To minimise the risk to public health and safety.	10.1 To adequately protect public safety during operations.	No injuries or incidents involving the public.	Yes	No public injuries of incidents occurred during pipeline operation
	10.2 To avoid fires associated with pipeline maintenance activities.	No pipeline related fires.	Yes	No pipeline related fires occurred.
	10.3 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	The area is very remote. Dial before You Dig, Landowner consultation and aerial patrols have not identified any unauthorised activity on the easement.