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APA Group

East Australian Pipeline Proprietary Limited
ABN 33 064 629 009

South Australian Government Department of Primary Industries and Resources

Licence 7 - Annual Report v2 July 2009 – June 2010

August 2010

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1 INTRODUCTION

EAPL (East Australian Pipeline Proprietary Limited) owns the South Australia section of the Moomba-Wilton Natural Gas Pipeline (Licence 7). APA Group, as the owner of EAPL, operated and maintained the pipeline on its behalf.

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

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 864mm OD and approximately 10 km of bypass 660 mm OD pipeline out of the plant.

This report is applicable to APA's activities in Pipeline Licence 7 (the South Australia Section of Moomba-Wilton Natural Gas Pipeline) during the period 1st July 2009 to 30th June 2010.

2 REGULATED ACTIVITIES

2.1 *Inline Inspection (ILI)*

An ultrasonic inspection tool run was completed in December 2008. The data continues to be used in accordance with the APA Group SCC Management Plan guidelines.

2.2 *Pipeline integrity*

Based on the data from the above inspection, a SCC Stage 2 repair program was developed and implemented in Oct - Dec 2009. The annual MOP review confirmed the pipeline MOP for a further 12 months (end of FY 11).

In conjunction with the SCC repair program, 6 metal-loss corrosion excavations were performed to validate corrosion rates assumption. Field data will be used to confirm the MFL inspection frequency.

2.3 *Corrosion control*

2.2.1 Annual Pipe to Soil Potential Survey

In the October 2009 survey of the 864mm OD Pipeline, 66% of off potentials fell within the optimum range of -0.925 to -1.175 volts. 1.5% of off readings were more positive than -0.85 volts with 8% more negative than -1.2 volts. Current output adjustments were actioned to improve protection levels and a new CP site is recommended in the vicinity of MW95 within the next two years.

Off potentials on the 660mm OD Moomba Bypass Pipeline indicated the pipeline was slightly overprotected and the current output of the CP unit at MW10 was reduced.

2.2.2 Cathodic Protection System

6 CP units at MW00, MW10, MW29, MW40, MW65 and MW83 protect the pipeline and associated buried infrastructure, with the unit at MW00 protecting station pipework at Moomba and the unit at MW10 protecting the Moomba Bypass Line.

A prolonged and ongoing power outage at MW10 impacted protection on the Moomba Bypass line and it has been temporarily cross bonded to the MW pipeline to provide protection. All other systems operated reliably with the exception of 2 short duration outages at MW29.

2.4 Electrical and Mechanical Maintenance

Routine six-monthly maintenance was performed at MW00, MW10, MW29, MW55, MW65 and MW83 as per the maintenance schedule. This includes 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 requirements of Australian Standard 2885.3-2001.

Quarterly leak and security inspections ("O" service) were completed at each valve site.

2.5 Communications/SCADA

A new SCADA system was successfully commissioned and officially opened on 13 May 2010 at Young.

2.6 Emergency Response

Two externally facilitated real-time desktop simulation exercises were performed on 14th April and 12th May 2010. Recommendations are being implemented.

The APA Group emergency response plan was activated in regards to potential flow restriction due to two events at the Moomba Plant affecting supply.

2.7 Projects

There were no modifications to the pipeline in FY10.

3 EASEMENT MANAGEMENT

3.1 Landowner and emergency services activities

The annual landowner liaison program was completed during 2009. This included a landowner package being sent to all landowners and direct liaison as required. Landowner information is being transferred to a GIS program to improve data accessibility to internal stakeholders.

Council and Emergency services were contacted and where possible gas awareness presentations delivered as per APA Easement Stakeholder Management program.

3.2 Aerial Surveillance and Maintenance

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

Access road signage was improved and faded signs replaced as and when identified.

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.

Continuation of the program “Non Negotiables,” based around the high-risk areas of the business. 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 conduct the self assessment audit again by Oct 2010 and submit it before Xmas to PIRSA.

4.2 Environment

APA Group submitted an EIR and a SEO which were approved on 16 March 2010.

For the SCC repair program as part of the capacity expansion project, a project specific Environmental Management Plan (EMP) was approved and implemented. A 100-man camp was used and conformed to the EMP and relevant regulations.

In addition to the establishment audit and the regular site inspections conducted by the APA QA Engineer which targeted excavation procedure and safety, one HSE audit was performed by the APA NSW HSE advisor. Two minor non-conformances were reported and rectified.

An assessment of compliance against the SEO objectives in regards to the SCC rectification works program and general maintenance activities is included in Appendix 1.

5 COMPLIANCE

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

5.1 Rectification of Non-Compliance

The emergency response exercise for PL 7 was not conducted within two years since the completion of the previous emergency exercise for this licence and the associated report was not submitted to PIRSA within 2 months of the completion of the exercise, resulting in non-compliances with Regulations 31(3) and 31(5) of the *Petroleum and Geothermal Energy Act 2000* (the Act).

Annual emergency responses exercises are conducted on the EAPL network. A real time Emergency Response simulation focused on PL 7 was conducted in April 2010 with a follow up simulation in May 2010. Reports have now been forwarded in compliance with the Act.

5.2 Management System Audits

An annual independent SaOP audit was conducted on 24-27 May 2010. All CAR and Observations identified in FY2009 had been closed in the AQUAS SaOP Audit report 2010.

Internal audits were carried out on the APA Group management systems during the reporting year as per the internal audit schedule.

5.2.1 Summary of Corrective Action Requests (CAR) - 2010

The following corrective actions were raised in the audit report.

Corrective Action	Details of Corrective Action	APA Group Response
CAR 01	APA Group should establish a process to ensure that changes to MOP as identified Appendix to Safety and Operating Plan are incorporated into all control and safety protection systems	For jobs that aren't under specific project circumstances or immediate management, upon receiving an MOP variation advice from the AM&E Manager, Maintenance Connection work orders will be issued requesting local Technicians to set or confirm the compressor set points in the PLCs to ensure the machines do not exceed the MOP values immediately downstream of the compressor station. On receiving confirmed completion of the work order and the changes in the control room the MOP variation will be confirmed. To ensure inadvertent setting of compressor set points a double key system has been implemented at Young and will be installed at Bulla Park, Culcairn and Marsden.

Corrective Action	Details of Corrective Action	APA Group Response
CAR 02	APA Group to review the application of Project to Operations handover process to ensure effective check point of Facility Integrity and Safety post project.	A revised Project to Operations handover has been developed and implemented. The project to AM&E handover document will be revised and implemented.

5.2.2 Summary of Observations - 2010

The following observations were raised in the 2010 SAOP audit report in relation to minor issues that APA Group can address within its own management system or in relation to areas that may in the future result in non-conformity to the SAOP requirements. Actions plans are being developed to address each of these recommendations.

Observation	Details of Observations
Obs 01	APA should consider a review of the suitability of pressure-control and over-pressure protection systems. This should include the Santos Moomba PCD/PCV.
Obs 02	APA Group need to ensure that there is timely implementation and close out of the SMS Risk Action Register currently being compiled by Asset Management and Engineering in Canberra
Obs 03	Recommend that key SCC issues be incorporated into Appendix 12 SMS Summary reflecting the inherent High Ratings for awareness and visibility within SAOP (consistent with section 10 of the SAOP)
Obs 04	APA Group should consider incorporation of field records, for example Pressure Vessel Inspection sheets, into Maintenance Connection
Obs 05	APA Group should upgrade their Records Management Plan to include location of Maintenance Records due to use of Maintenance Connection
Obs 06	Recommend that APA Group add requirement for inspection of filter boot in Maintenance Connection as "Special Instruction"
Obs 07	Recommend Engineering determine consistent philosophy for blow-down vent line isolating flange (open or closed spectacle blind). It was noted there are no isolating flanges at Young
Obs 08	Need to review process for storage of Aviation Fuel gas @ Mummel Scrapper Station (fuel stored by subcontractor)
Obs 09	Recommend APA Group review application of confined space identification for valve pits and similar installations (specific potential issue observed at Dalton)

Observation	Details of Observations
Obs 10	Review Preventative Maintenance for pump out of valve pits (Specific issue of flooded valve pit at Mummel Scrapper Station)

5.3 Reports

5.3.1 Reports Submitted to PIRSA

- Annual report (this report)
- Fitness-For- Purpose report
- Safety and Operating Plan Cobar Base Rev 3.0
- Statement of Environmental Objectives
- Environment Impact Report

5.3.2 APA Group Data or Reports

- Annual CP Survey report
- USCD Data QRA Assessment - revised
- MOP annual review
- SCC Annual Report 2009 rev 1

5.4 Incident Reports

There were no EAPL incidents to report for this period.

5.5 Threat Prevention, Mitigation

No reasonably foreseeable threats (other than threats previously reported) apply to this section of the pipeline. SCC and metal-loss corrosion are active, but managed.

6 FUTURE OPERATIONS

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

A SCC Stage 3 monitoring and repairs program will be developed and implemented in FY11 or FY12 as per SCC Management Strategy, based on revised assumptions.

One new CP Unit and replacement of high resistance anodes at MW00 are planned for FY11.

The asset management review of the 10 km 660 mm OD by-pass pipeline has been postponed and is now planned to be finalised prior to FY12. It is anticipated that the pipeline will be abandoned if Emat dry pigging is successful.

7 PIPELINE OPERATION

The quantity of natural gas transported through the Moomba-Wilton Pipeline for the year ended 30 June 2010 is shown in the following table:

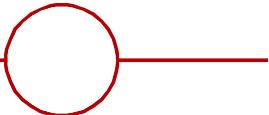
		Network Peak Day	
	GJ	TJ	Day
Jul-09	9,073,856	337.960	6th
Aug-09	8,818,855	359.857	11th
Sep-09	7,019,260	297.040	28th
Oct-09	5,684,235	267.298	7th
Nov-09	3,979,265	204.842	19th
Dec-09	3,913,897	189.464	8th
Jan-10	3,765,524	165.106	12th
Feb-10	3,520,642	170.078	22nd
Mar-10	4,453,438	184.991	16th
Apr-10	4,349,689	197.203	13th
May-10	6,874,245	286.752	18th
Jun-10	7,782,426	355.974	29th
YTD	69,235,332		

Gas Supply issues:

27/4/10 to 1/5/10 - Moomba Supply Issue
27/6/10 to 2/7/10 - Moomba Supply Issue

8 STATEMENT OF EXPENDITURE

Commercial in confidence

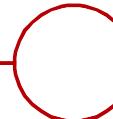


Appendix 1: Assessment of Compliance against SEO Objectives

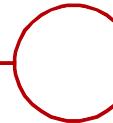
Objective	Goal	Assessment Criteria	Objective achieved	Supporting Comment
1. To maintain soil stability / integrity on the easement.	1.1 To remediate erosion or subsidence as a result of pipeline operations in a timely manner.	No unremediated subsidence. The extent of soil erosion on the easement is consistent 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. The SCC project team performed an audit of all previously excavated sites and performed remedial actions as required. Due to weather conditions over the last two quarters, soil erosion and subsides are anticipated in and around recently excavated areas.
	1.2 To prevent soil inversion.	Vegetation cover is consistent with surrounding land. No evidence of subsoil on surface (colour).	Yes	Different soil types were stockpiled separately during excavation work to assist in restoration during backfill. No soil inversion issues were identified during project work inspections or aerial patrols. In EMP and confirmed with site HSE officer.
	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	The project team performed an audit of all previously excavated sites and performed remedial actions as required. Due to weather conditions over the last two quarters, some compaction is anticipated in and around recently 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	Excavation sites were reinstated to as near pre-existing condition as practicable. 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	There are no major permanent watercourses within close proximity to any of the dig sites, and impacts to surface water flow or ground water from project works are considered to be negligible. No issues identified during routine aerial patrols.

Objective	Goal	Assessment Criteria	Objective achieved	Supporting Comment
	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	There are no major permanent watercourses within close proximity to any of the dig sites, and impacts to surface water flow or ground water from project works are considered to be negligible. 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. Spill kits were located at refuelling sites for the project duration.
	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	Waste produced by project works included coal tar enamel coating (containing asbestos and fibreglass), general rubbish, equipment and repair materials and oils/fluids. All coal tar enamel coating, rubbish and used repair material containers were stored in designated areas until they could be disposed of properly [in accordance with DEC (EPA) guidelines]. Camp also had facilities for grey water, sewage and general waste handling and removal. No issues identified during site inspections or HSE audit.
	3.3 To prevent impacts as a result of hydrotest water, trench water and waste water (e.g. wash-down 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 discolouration).	Yes	No discharge water was disposed on easement. Camp had approved wash down, grey water, sewage and maintenance workshop, and kitchen facilities.
	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 had compliant and approved wash down, grey water, sewage, workshop and kitchen facilities. Camp has not yet been relocated.

Objective	Goal	Assessment Criteria	Objective achieved	Supporting Comment
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	Soil type in the region is characteristic of arid outback condition with sand dunes and sandy plains. Regrowth concerns minimal as relatively free of vegetation. Due to weather conditions over the last two quarters, prolific vegetation growth is anticipated in and around recently excavated areas.
	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 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 impact on native fauna.	Native fauna casualties associated with operations restricted to as low as reasonably practical.	Yes	While native fauna may have been disturbed as a result of project activities through vehicle movements and equipment noise, this disturbance was temporary in nature and of short duration. Consultation was undertaken with landowners prior to works to determine if there was livestock in the vicinity of works. All excavations left unattended for any period of time were fenced. Excavations were also monitored during project works.
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.



Objective	Goal	Assessment Criteria	Objective achieved	Supporting Comment
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 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. HSE toolbox meetings, PPE and JHA included standard noise control measure during the project. 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. Vehicles and equipment operating within the work area and accessing the site have the potential to create dust issues. Due to the remoteness of the work site, and no nearby homesteads, dust is not considered to be an issue during works. Project vehicle movements were monitored and toolbox meeting covered remote driving hazards, including dust generation and traversing sand dunes.



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 or incidents occurred during pipeline operation or project work
	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.