



## **Guideline for Operator Classification**

Pursuant to *Regulation 17(2)* of the *Petroleum and Geothermal Energy Regulations 2013*, this guideline details the criteria that will be used in assessing a licensee's operator assessment factors as required under Regulation 16.

For further information, please contact:

Michael Malavazos,  
Director Engineering Operations  
Energy Resources Division  
Department for Energy and Mining  
Phone: (08) 8429 2470  
Email: [michael.malavazos@sa.gov.au](mailto:michael.malavazos@sa.gov.au)

### **Energy Resources Division**

Level 4, 11 Waymouth Street, SA 5000 | GPO Box 320 Adelaide SA 5001 | DX452

Tel (+61) 8429 2430 | Fax (+61) 8463 3229 | <http://energymining.sa.gov.au/petroleum> | ABN 83 524 915 929

Last updated September 2018, to reflect Departmental name changes.

ASSESSMENT FACTORS ( <i>Regulation 16</i> )	DEM COMMENT AND REQUIREMENT
(a) a licensee's corporate policies that address the achievement of regulatory objectives;	<p>Corporate policies provide a commitment towards maintaining regulatory compliance, and hence indicate that the operator or licensee is motivated to comply with the <i>Petroleum and Geothermal Energy Act 2000</i>. In terms of activity approval and operator supervision level, the motivation of an operator to comply is just as important as an operator's capability to comply.</p> <p>DEM's minimum requirement for most activities would be:</p> <ul style="list-style-type: none"> <li>• Where possible, a copy of the operator's own policies on the protection of the environment, cultural heritage, maintaining public safety and compliance with regulatory requirements and objectives. This provides an excellent indicator of the company's motivation to comply by providing direction from the top down.</li> <li>• If policies are yet to be developed, a statement that the major contractors policies are to be adopted and have been approved by management as appropriate.</li> </ul>
(b) a licensee's procedures or practices to achieve compliance with regulatory requirements and objectives;	<p>Documented procedures that outline the safe and environmentally sound operation of an activity provide an operator with the capability to comply with its regulatory requirements.</p> <p>DEM's minimum requirement for most activities would be:</p> <ul style="list-style-type: none"> <li>• Any document which provides an overall direction to the safe and environmentally sound operation of an activity (e.g. operations manuals, construction guidelines, procedures, etc).</li> <li>• That the submitted document addresses regulatory requirements and objectives both directly (in a statement of intended adherence with the <i>Petroleum and Geothermal Energy Act 2000</i>) and indirectly (in the described method of operation of the activity).</li> </ul>

ASSESSMENT FACTORS ( <i>Regulation 16</i> )	DEM COMMENT AND REQUIREMENT
(c) the extent to which a licensee has adopted and implemented a comprehensive and effective risk-management system;	<p>A comprehensive and effective risk management system is a critical part in ensuring that regulatory requirements and objectives are met.</p> <p>DEM's minimum requirement for most activities would be:</p> <ul style="list-style-type: none"> <li>• Evidence that the operator or its lead contractor have adequately identified the risks (not only health and safety but also environmental) associated with the activity, including site-specific risks. This would typically require the utilisation of one or more formal methods of risk identification and management.</li> <li>• A demonstration of the risk management systems in place (e.g. Job Hazard Analysis, Permit to Work system, Management of change system, etc.).</li> </ul>
(d) the extent to which a licensee has established systems to monitor, evaluate, audit and review compliance against regulatory requirements and objectives;	<p>There are many regulatory requirements in the <i>Petroleum and Geothermal Energy Act 2000</i>, and it is DEM's opinion that a system to monitor, audit and evaluate compliance will greatly enhance the operator's ability to comply with the Act and ensure that critical requirements are not overlooked.</p> <p>DEM's minimum requirement for most activities would be:</p> <ul style="list-style-type: none"> <li>• Evidence of a system such as the use of a legislative compliance register/checklist. Simply a checklist alone is not enough – must also specify the frequency with which this checklist will be utilized and when it is planned to be audited and assessed.</li> <li>• Evidence of any system to monitor, audit and assess performance e.g. against SEO objectives and criteria.</li> <li>• Evidence that the system alerts management to non-compliances.</li> <li>• A process to audit and review the compliance system itself.</li> </ul>

ASSESSMENT FACTORS ( <i>Regulation 16</i> )	DEM COMMENT AND REQUIREMENT
(e) a licensee's systems to identify and report serious and reportable incidents under the Act;	<p>Section 85 of the <i>Petroleum and Geothermal Energy Act 2000</i> defines serious and reportable incidents that may arise from activities. As incidents arise in the field, a system must be in place to identify these incidents as serious, reportable, or non-reportable (to DEM).</p> <p>Regulation 32 of the <i>Petroleum and Geothermal Regulations 2013</i> outlines the reporting process of serious and reportable incidents to DEM. By having systems in place to address the identification and reporting of incidents, DEM can be confident that the operator has the capability to comply with the relevant parts of the <i>Petroleum and Geothermal Energy Act 2000</i>.</p> <p>DEM's minimum requirement for most activities would be:</p> <ul style="list-style-type: none"> <li>• A demonstration of the reporting structure for reportable and serious incidents; i.e. who is responsible for determining which incidents are to be reported to DEM?</li> <li>• A demonstration that the definition of reportable and serious incidents is clearly understood.</li> </ul>
(f) the extent to which a licensee has established a comprehensive and effective emergency response plan;	<p>A comprehensive and effective Emergency Response Plan (ERP) ensures that if an emergency should occur, the system is in place to handle not only the action to be taken, but also the reporting structure to be followed. This assessment factor provides the regulator with confidence that should a reportable or serious incident occur, the process is sound and the reporting lines are clear.</p> <p>DEM's minimum requirement for most activities would be:</p> <ul style="list-style-type: none"> <li>• A site-specific ERP is to be provided, unless a contractor generic ERP is to be used, in which case a "bridging ERP" must be provided (which identifies the site and activity specific ERP details and their connection to the generic ERP).</li> <li>• A demonstration that a comprehensive and effective ERP is in place, with clear understanding of the reporting procedures.</li> </ul>

ASSESSMENT FACTORS ( <i>Regulation 16</i> )	DEM COMMENT AND REQUIREMENT
<p>(g) a licensee's practices and procedures to provide appropriate communication of regulatory requirements to employees, contractors and visitors, including site induction, ongoing training and supervision;</p>	<p>An operator's management may be aware of the necessary regulatory requirements, however it is important that management filter this information downwards to ensure that employees (including contracted employees) are aware of their responsibilities in maintaining regulatory compliance.</p> <p>This assessment factor relates to educating employees about the important issues. For example, employees don't need to know the specifics of Part 12 of the <i>Petroleum and Geothermal Energy Act 2000</i>, however as part of induction it may be useful to mention that there are regulatory requirements covering protection of the environment, and as such this is why material X is not disposed of in location Y.</p> <p>This assessment factor also investigates the degree of supervision required based on the activity, and determines whether the supervision of employees and contractors is adequate.</p> <p>DEM's minimum requirement for most activities would be:</p> <ul style="list-style-type: none"> <li>• A copy of the induction programme for employees and contractors that not only addresses job-specific issues, but also addresses the site-specific issues. This may be in the form of one-on-one induction or a group pre-activity meeting.</li> <li>• A copy of an induction programme that is suitable for site-visitors (if different from employee induction).</li> <li>• A description of any plans for refresher training of employees/contractors (for longer term activities).</li> <li>• A demonstration of the level of supervision to be provided to employees and contractors, and why this is deemed adequate.</li> <li>• A demonstration that those in a supervisory position are adequately trained and experienced.</li> </ul>

ASSESSMENT FACTORS ( <i>Regulation 16</i> )	DEM COMMENT AND REQUIREMENT
(h) a licensee's mechanisms to respond to, and communicate with, external parties on compliance matters;	<p>Consultation between industry, DEM and stakeholders is a critical driver in successful compliance with the <i>Petroleum and Geothermal Energy Act 2000</i>. By undertaking open and proactive consultation with stakeholders and the regulator, the operator is showing motivation to comply by going beyond the minimum requirement of the notice of entry letters.</p> <p>While it is difficult to provide solid evidence for this assessment factor, discussions between DEM and key stakeholders will determine the level of consultation that was undertaken.</p>
(i) a licensee's record in achieving regulatory objectives and regulatory requirements;	<p>Ideally, there should be evidence of a good long-term compliance record. If not, at least the recent record should show good or improving compliance. If there is no record for the licensee, use of an experienced contractor with a good record will give confidence that regulatory objectives will be achieved.</p>
(j) the extent to which a licensee has allocated resources to compliance systems.	<p>Adequate resources, measured in time, people and money are required to ensure that a compliance system will work, without all three the system is susceptible to failure.</p> <p>This assessment factor is difficult to measure, but DEM would expect to see, as a minimum, the time and people provided on the project – this would often lead to an understanding as to how much resourcing is being invested into compliance.</p>