

ENVIRONMENT PROTECTION ORDER

(Issued pursuant to Section 93 of the *Environment Protection Act, 1993*)

TO:	ADELAIDE ENERGY PTY LTD (ACN : 116 256 823)
OF:	LEVEL 8/80 FLINDERS STREET ADELAIDE SA 5000 (Registered Office)
SITE/S to which the Order relates	Allotment 2, Argyle Road, MONBULLA SA 5277, being the land comprised in Crown Lease Volume 6209 Folio 705 (the Site)

PURPOSE OF ORDER:

This order has been issued by the Environment Protection Authority (**EPA**) pursuant to:

Section 93(1)(a)(i) of the *Environment Protection Act 1993* (**the Act**) for the purposes of securing compliance with the general environmental duty as defined by section 25(1) of the Act which provides:

A person must not undertake an activity that pollutes, or might pollute, the environment unless the person takes all reasonable and practicable measures to prevent or minimise any resulting environmental harm.

AND

Section 93(1)(a)(iii) of the Act for the purposes of securing compliance with a condition of an environmental authorisation, in particular condition S-268 of EPA Authorisation number 23644.

BACKGROUND

- A. At all relevant times Adelaide Energy Pty Ltd (ACN 116 256 823) (**Adelaide Energy**) held authorisation number 23644 (**the Licence**) issued by the Environment Protection Authority (**EPA**) under Part 6 of the Act.
- B. Under the Licence Adelaide Energy is authorised to undertake hydrocarbon production, storage or processing works and to produce listed waste at the Site.
- C. Condition S-268 of the Licence, entitled 'Lagoon Management' provides:
 - The Licensee must ensure that:*
 - 3.4.1 *The integrity of the lagoon structure and lagoon liner is maintained to prevent seepage to land or groundwater;*
 - 3.4.2 *The integrity of the lagoon walls is maintained to prevent overflow events; and*

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3.4.3 The capacity of any lagoon is maintained to prevent overflow events.

- D. On 12 March 2020, an electrical leak detection survey (**the Survey**) was conducted on the High Density Polyethylene (HDPE) liner of the gas facility's stormwater lagoon (**the Lagoon**) to check the integrity of the HDPE liner.
- E. On 18 March 2020 (or sometime shortly thereafter), the results of the Survey were provided to Adelaide Energy in a Survey Report (**the Survey Report**).
- F. The Survey identified two voids (holes) in the HDPE liner (labelled GT1 and GT2 in the Survey Report).
- G. GT2 was located above the water level in the Lagoon and was able to be repaired at the time of the Survey. GT1 could not be immediately repaired during the Survey, as it was below the water level and therefore inaccessible.
- H. On 28 April 2020, Adelaide Energy undertook sampling and analysis of water in the Lagoon and of groundwater in three groundwater wells to determine if the water in the Lagoon or the groundwater wells contained substances attributable to activities at the Site (**the Risk Assessment**).
- I. The groundwater wells are identified as GW05, GW06 and GW07 in a document commissioned by Beach Energy Limited (ACN 007617969) (who are the sole owners of Adelaide Energy) entitled *Environmental Monitoring Plan Otway Basin, South Australia Revision 3. 04/02/2020*. The wells were installed to monitor any effect of the Lagoon on the surrounding groundwater.
- J. On 29 July 2020, the EPA was provided with the Survey Report, and the Risk Assessment. The Risk Assessment concluded that, in the absence of detectable hydrocarbons or any significant heavy metals in the Lagoon or groundwater wells, the level of environmental risk was low.
- K. On 31 July 2020, the EPA requested that Adelaide Energy provide to the EPA with some additional information to allow the EPA to assess the level of risk, including any test results from Lagoon Sampling and the water level of the Lagoon in the week of the Survey Report (this is readily available to Adelaide Energy as weekly water level monitoring is part of the Environmental Management Plan incorporated into the Licence)..
- L. On 26 August 2020, the EPA met with representatives of Adelaide Energy to discuss:
 - a. the response to the EPA's request;
 - b. potential breaches of the Licence;
 - c. the management of the Lagoon; and
 - d. actions required to repair the void identified as GT1 in the Survey Report.

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- M. On 26 August 2020, the EPA met with representatives of Adelaide Energy to discuss:
- potential breaches of the Licence;
 - the management of the Lagoon; and
 - actions required to repair the void identified as GT1 in the Survey Report.
- N. On 17 September 2020, Adelaide Energy provided the EPA with the “Katnook Gas Processing Facility – Pond 2 Geomembrane Repair Plan” for the Lagoon liner repair indicating its intention to begin the necessary repairs in early November 2020 with the repairs to take approximately 13 days to complete subject to favourable weather (completion being anticipated in mid November 2020).
- O. Further sampling of Lagoon water and groundwater undertaken on 10 September 2020 (and reported to the EPA by DEM on 6 October 2020) indicated the presence of hydrocarbons in both the Lagoon water and groundwater. On that basis the EPA requires further monitoring to determine whether (and how) water from the Lagoon is impacting surrounding groundwater.

PARTICULARS OF NON COMPLIANCE:

On or before 18 March 2020 and continuing until the present you, Adelaide Energy Pty Ltd:

- Undertook an activity that pollutes or might pollute the environment without taking all reasonable and practicable measures to prevent or minimise any resulting environmental harm in particular by operating a natural gas facility at the Site and as part of that activity you:
 - operated a Lagoon for storage of stormwater runoff from the Site, waste water from drilling operations, and waste water from infrastructure cleaning at the Site; and
 - continued to use the Lagoon for the receipt and storage stormwater after receiving a report that indicated a void in the HDPE liner was present; and
 - the void in the HDPE liner provides a potential pathway for water containing, or with the potential to contain, pollutants such as hydrocarbons to seep from the Lagoon into the surrounding groundwater; and
 - in continuing to use the Lagoon, you failed to prevent the potential seepage of water containing, or with the potential to contain, pollutants such as hydrocarbons from the Lagoon to the surrounding groundwater; and
 - any resulting environmental harm could have been prevented or minimised by directing stormwater or other water from the Site to another holding location; or

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1. fixing the void in the HDPE liner as soon as it was detected;
and
 - c. failed to comply with your general environmental duty as described in section 25 of the Act by the behaviour described in subparagraphs 1(a) and 1(b).
2. Contravened condition S-268 of the Licence which provides:

The Licensee must ensure that:

3.4.1 The integrity of the lagoon structure and lagoon liner is maintained to prevent seepage to land or groundwater;

3.4.2 The integrity of the lagoon walls is maintained to prevent overflow events; and

3.4.3 The capacity of any lagoon is maintained to prevent overflow events.

by failing to ensure the integrity of the lagoon structure and lagoon liner to prevent seepage to land or groundwater; and

- a. failure to comply with a condition of an environmental authorisation is an offence pursuant to section 45(5) of the Act.

REQUIREMENTS OF ORDER:

You, Adelaide Energy Pty Ltd, are hereby ordered to:

1. Repair the Lagoon liner in accordance with the Katnook Gas Processing Facility – Pond 2 Geomembrane Repair Plan dated 14 September 2020 and submitted to the EPA on 17 September 2020.

Compliance date: 15 November 2020

2. Provide the Environment Protection Authority with quality assurance documentation confirming the repair to the Lagoon liner has been carried out in accordance with requirement 1 above.

Compliance date: 15 December 2020

3. Undertake groundwater monitoring of three groundwater wells, identified as GW05, GW06 and GW07 in the document entitled “*Environmental Monitoring Plan Otway Basin, South Australia Revision 3. 04/02/2020*” each month for a period of 6 months;

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Note that analysis of groundwater to be undertaken by a National Association of Testing Authorities (NATA) accredited laboratory.

Compliance date: Commencing within 2 weeks of service of this order.

4. Provide the results of each groundwater monitoring event described in requirement 3 above to the EPA.

Compliance date: within 4 weeks of each monitoring event taking place.

NOTE: Compliance with this Environment Protection Order does not absolve you of criminal responsibility from a breach of the *Environment Protection Act 1993*. The Environment Protection Authority ("the Authority") reserves the right to pursue other enforcement measures including prosecution. Further, pursuant to s135 of the Act, the Authority may seek recovery of administrative and technical costs associated with contraventions.

Dated: 16 October 2020

A handwritten signature in blue ink, appearing to read 'Keith Baldry', positioned above a dotted line.

Keith Baldry
DELEGATE
ENVIRONMENT PROTECTION AUTHORITY

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IMPORTANT NOTICE

You have the right of appeal to the Environment Resources and Development Court against this order within 14 days of service of the order. For information on how to lodge an appeal, contact the Court on 8204 0300.

Making an appeal does not affect your obligations under this order unless the Court makes a decision affecting this order (section 107 Environment Protection Act).

Failure to comply with this order is an offence under the Environment Protection Act. Significant penalties may be imposed (section 93(8) Environment Protection Act) and there may also be penalties for each day of ongoing failure to comply (section 123 Environment Protection Act).

You are advised that the EPA will record the details of this order on the EPA Public Register pursuant to section 109(3) (ia) of the Environment Protection Act.

SERVICE OF ORDER

To:

At:

Time and Date:

Personal/post/facsimile:

Signed:.....

Name: of the Environment Protection Authority