.

From: Duncan, Craig
Sent: Monday, November 23, 2009 3:00 PM
To: Jacob, Andy
Subject: RE: Response to government requested

Andy,

Following are a few comments on points raised by Walter Cruikshank of the US MMS.

Walter Cruickshank, deputy director of the Minerals Management Service:

There are some differences between here and there that are significant. The well design is not one that we would have approved. They had a single barrier to control the well. We require redundant barriers. We also require that the barriers be tested at pressures at least as great as those expected to be found in the reservoir. It's our understanding there was no such requirement to test the barrier offshore Australia. We also have what we believe is the most aggressive oil spill contingency planning and oil spill drill program in the world where we are constantly making sure people are able to respond quickly. Whether any of these would have had any bearing on the spill in the Timor Sea oil we won't know until Australia completes its investigation but I do believe that these factors would help reduce the likelihood of such a spill and mitigate impacts of any such spill.

I do not know what information he has on the Montara well designs but the following should be considered.

1. The standards applied in Australia are comparable to those in the USA.
    a. Multinational E & P companies tend to run consistent standards throughout the world and to do that they need to apply the highest standards to cover all locations.
    b. Multinational drilling contracting companies also run consistent standards throughout the world.
2. Our standards require two or more barriers.
3. There are times when multiple barriers are not in place. An example of this would be that shortly after cementing casing, there is a time when, on jackup rigs or land well operations, it is common to nipple down BOP's, cut the casing and install an additional wellhead section and then nipple up BOPs again. During the time that the BOP is nippled down, not all the normal barriers are in place. When we had our problem on Montara H1 ST1, we were in such a situation. I am confident that this exposure also occurs every day in USA.
4. The approved design of the Montara wells incorporates multiple barriers.
5. For the suspension of Montara H1 ST1, the approved suspension included cemented 9 5/8" casing, the casing pressure tested to greater than reservoir pressure after displacing cement, installation of a pressure containing corrosion cap in the 9 5/8" casing and another one in the 13 3/8" casing.

Regards

Craig Duncan

W ell Construction Manager

Direct: +61 (0) 8 9483 9454

Mobile: +61 (0) 438 988 205

PTTEP Australasia

craig.duncan@au.pttep.com

Ground Floor 162 Colin Street

West Perth WA 6005

Tel: +61 (0) 8 9483 9483 Fax: +61 (0) 8 9226 2102

<hr size=2 width="100%" align=center tabindex=-1>

From: Jacob, Andy
Sent: Friday, 20 November 2009 8:53 PM
To: Duncan, Craig
Subject: Fwd: Response to government requested

Can you comment on the specific points re number of barriers and testing of same pls.

Regards
Andy Jacob
COO
Sent from my iPhone

Begin forwarded message:

> **From:** "Breadmore, Christy" <Christy.Breadmore@au.pttep.com>
> **Date:** 20 November 2009 3:11:45 PM AWST
> **To:** "media, erg" <erg.media@au.pttep.com>, "Duncan, Craig" <Craig.Duncan@au.pttep.com>
> **Cc:** "Jacob, Andy" <Andy.Jacob@au.pttep.com>
> **Subject: RE: Response to government requested**
>
> The MMS is not commenting on the Montara H1 well – he opens by stating that the cause of the Montara incident is being investigated by the Australian government. I expect the Australian government would second that remark but not commenting on the Montara H1 well outside of the context of the inquiry that it has established. The MSS is making a general comment on what it believes are the differences between US and Australian regulations. DRET / Geoscience Australia can also explain Australian regulations. I expect the Australian government might tell the MMS that it is uninformed and incorrect. Australia's offshore petroleum legislation requires the well operator to obtain the regulator's approval of its drilling / suspension / abandonment program and approval of its well operations management system which includes the standards for barriers and pressure testing of barriers in wells. DRET / Geoscience Australia can comment on what the regulator does and does not approve when reviewing the industry's well programs and well operations management systems. Australia also has two separate legislative requirements / regulatory approvals for the operator's oil spill contingency – the Energy/Resources regulator under the OPGGS Act and the Environmental regulator under the EPBC Act. Australia also has comprehensive and well established governmental (AMSA) and industry-funded (AMOSC) agencies providing resources and coordination for oil spill response.
>
> Kind Regards
> **Christy Breadmore**
> **+61 (0)8 9483 9408 | + 61 (0)409300590**
> **PTTEP Australasia**

From: media, erg
Sent: Friday, 20 November 2009 2:34 PM
To: Breadmore, Christy; Duncan, Craig
Cc: Jacob, Andy

Subject: Response to government requested
Importance: High

Hello Christy/Craig

Andy has been asked to provide a response to government on this matter below. Can you please provide your comments.

The quote below is from the US senate committee on energy and natural resources.

Regards,
Roley Myers
Media relations
PTTEP Australasia
0423 552 965

From: Peter Williams [mailto:peter.williams@wanews.com.au]
Sent: Friday, 20 November 2009 2:14 PM
To: media, erg
Subject: US hearing

Hi Roley,

As discussed, the time code on the online video for this part is 75:00

Peter

Walter Cruickshank, deputy director of the Minerals Management Service:

There are some differences between here and there that are significant. The well design is not one that we would have approved. They had a single barrier to control the well. We require redundant barriers. We also require that the barriers be tested at pressures at least as great as those expected to be found in the reservoir. It's our understanding there was no such requirement to test the barrier offshore Australia. We also have what we believe is the most aggressive oil spill contingency planning and oil spill drill program in the world where we are constantly making sure people are able to respond quickly. Whether any of these would have had any bearing on the spill in the Timor Sea oil we won't know until Australia completes its investigation but I do believe that these factors would help reduce the likelihood of such a spill and mitigate impacts of any such spill.

http://energy.senate.gov/public/index.cfm?Fuseaction=Hearings.LiveStream&Hearing_id=c129bd12-a00d-67c6-dbdc-78a685496298