2012 ANNUAL REPORT

Pipeline Licence 12

Beverley Pipeline

Document Number 2-25-209 BEV-AR-G-011
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<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ALARP</td>
<td>As Low As Reasonably Practical</td>
</tr>
<tr>
<td>AS2885</td>
<td>Australian Standard 2885 – Pipelines-Gas and Liquid Petroleum</td>
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<td>AS2885SMS</td>
<td>Australian Standard 2885 Safety Management Study</td>
</tr>
<tr>
<td>AVT</td>
<td>Accuracy Verification Test</td>
</tr>
<tr>
<td>CFS</td>
<td>Country Fire Service</td>
</tr>
<tr>
<td>CMMS</td>
<td>Computerized Maintenance Management System (Maximo)</td>
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<tr>
<td>CP</td>
<td>Cathodic Protection</td>
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<tr>
<td>CPU</td>
<td>Cathodic Protection Unit</td>
</tr>
<tr>
<td>Cu/CuSO4</td>
<td>Copper/Copper Sulphate</td>
</tr>
<tr>
<td>DCVG</td>
<td>Direct Current Voltage Gradient</td>
</tr>
<tr>
<td>DMITRE</td>
<td>Department for Manufacturing Innovation Trade Resources and Energy</td>
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<td>EMS</td>
<td>Environmental Management System</td>
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<td>ERE</td>
<td>Emergency Response Exercise</td>
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<td>GAS</td>
<td>Goal Attainment Scaling</td>
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<td>GPS</td>
<td>Geographical Positioning System</td>
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<td>HAZOP</td>
<td>Hazard Operability</td>
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<td>HELM</td>
<td>Heritage, Environmental and Land Management</td>
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<tr>
<td>HSE</td>
<td>Health Safety and Environment</td>
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<td>LMS</td>
<td>Land Management System</td>
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<td>MAP</td>
<td>Moomba to Adelaide Pipeline</td>
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<tr>
<td>MFS</td>
<td>Metropolitan Fire Service</td>
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<tr>
<td>MLV</td>
<td>Mainline Valve</td>
</tr>
<tr>
<td>PL12</td>
<td>Pipeline Licence No. 12</td>
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<tr>
<td>PLC</td>
<td>Programmable logic control unit</td>
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<td>PLMS</td>
<td>Pipeline Leak Monitoring System</td>
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<td>ROW</td>
<td>Right of Way</td>
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<tr>
<td>RTU</td>
<td>Remote Terminal Unit</td>
</tr>
<tr>
<td>SCADA</td>
<td>Supervisory Control and Data Acquisition</td>
</tr>
<tr>
<td>SEO</td>
<td>Statement of Environmental Objectives</td>
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<td>SES</td>
<td>State Emergency Service</td>
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<tr>
<td>SMS</td>
<td>Safety Management System</td>
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<tr>
<td>SRB</td>
<td>Sulphate Reducing Bacteria</td>
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<tr>
<td>SWER</td>
<td>Single Wire Earth Return</td>
</tr>
<tr>
<td>TSCC</td>
<td>Transportation Services Control Centre</td>
</tr>
<tr>
<td>UHF</td>
<td>Ultra High Frequency</td>
</tr>
<tr>
<td>VHF</td>
<td>Very High Frequency</td>
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</table>
1 PURPOSE

This report is submitted in accordance with the requirements of Pipeline Licence 12 and the South Australian Petroleum and Geothermal Energy Regulations 2000.

2 SCOPE

The Beverley Pipeline is owned by Heathgate Resources and is operated and maintained under agreement by Epic Energy.

This report reviews operations and maintenance activities carried out in 2012 and proposed operations for 2013.

In accordance with the Petroleum and Geothermal Energy Regulations, a performance assessment is also provided with regard to the Statement of Environmental Objectives, for the Beverley Pipeline.

3 TECHNICAL ASPECTS

Table 1 provides technical information on the Beverley Pipeline. The pipeline was constructed in accordance with AS 2885.

<table>
<thead>
<tr>
<th>Table 1 Beverley Lateral Technical Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date Constructed</td>
</tr>
<tr>
<td>Date Commissioned</td>
</tr>
<tr>
<td>Length</td>
</tr>
<tr>
<td>External Diameter</td>
</tr>
<tr>
<td>Wall Thickness</td>
</tr>
<tr>
<td>- Normal</td>
</tr>
<tr>
<td>- Special Crossings (creek beds, roads)</td>
</tr>
<tr>
<td>Pipe Grade</td>
</tr>
<tr>
<td>API 5LX-56</td>
</tr>
<tr>
<td>API 5LX-42 at Creek Crossing</td>
</tr>
<tr>
<td>MAOP</td>
</tr>
<tr>
<td>Normal Operating Pressure</td>
</tr>
<tr>
<td>Fluid</td>
</tr>
<tr>
<td>Material</td>
</tr>
<tr>
<td>Coating</td>
</tr>
<tr>
<td>Main Line Valves</td>
</tr>
<tr>
<td>Scraper Stations</td>
</tr>
<tr>
<td>Meter Stations</td>
</tr>
</tbody>
</table>

4 SUMMARY OF OPERATIONAL ACTIVITIES FOR 2012

4.1 Risk Assessment Review

An AS2885 Safety Management Study (AS 2885 SMS) validation workshop for the 5-yearly Operational Review Safety Management Studies (as required by Section 2.2.4 of AS 2885.1-2012) has been carried out for the Beverley Pipeline in 2012.

The workshop review did not identify any significant threats that had not been identified in previous workshops, nor did it identify any significant shortcomings in the controls required to be applied in accordance with AS 2885, and therefore, the workshop was able to conclude that in general, the requirements of AS 2885 SMS have been met.
5 Training

Epic Energy is committed to developing the skills of all employees and contractors to meet the operational and technical needs of its business.

In-house staff training during 2012 was delivered using a combination of self paced modules and group presentations, using either a training service provider or suitably skilled Epic Energy personnel.

In addition to internal training, staff attended a range of external courses, conferences and seminars selected to further enhance their knowledge of the natural gas and liquid hydrocarbon pipeline transmission industry.

The range of training staff attended during 2012 included:

- A Grade Electrical Worker's Licence
- B Grade Electrical Worker's Licence
- 2. Bridge and Gantry Crane
- 4WD Operate Light Vehicle PMASUP236A
- Allen Bradley PLC5 - Maintenance and Trouble Shooting
- Allison Turbine Controls - Operation & Maintenance Training course
- AS 2885.3 Pipelines Gas & Liquid Petroleum - O & M
- Asbestos Training
- AVT Testing
- Backhoe Front-end Loader >= 2L Engine LB
- Basic Fire Training
- Basic Hazop Training
- Blue Card Course in General Safety Induction (Construction Industry)
- Bobcat Licence
- Business Writing Skills
- Caterpillar Gas engines Basic service training
- Caterpillar Adem 3 System & Diagnostics
- Cathodic Protection Advanced
- Certificate IV in Assessment & Workplace Training - BSZ40198
- CGR Software Training
- Chainsaw - Basic Operations & Maintenance
- ChemAlert Public Training Course
- Chemical Use and You
- Class C Drivers Licence Validity
- Clock Spring Sleeves Installation
- Combustion Basics
- Compressor Station Gas Systems Training
- Compressor Station Shafer Operator Training
- Confined Space Awareness
- Confined Spaces AS/NZS 2865
- Control & Operation of Centrifugal Gas Compressors
- Control Operation & Design of Reciprocating Gas Compressors
- Control Valves - Instrumentation Modules
- ControlLogix Fundamentals
- Corrosion Control Introduction (BL)
- Corrosion Protection
- CPR & LVR
- Crane Operator Certificate of Competency CV HIAB
- Crane Slewing Mobile Crane <=20T C2
- Cranes - Truck Mounted
- Creating a Safe Workplace
- Crisis Manager Role
Cultural Heritage
Dangerous Goods Transport - Road
Dial Before You Dig - Epic Energy Processes
Diploma OH&S
Dogging Certificate DG
Drug and Alcohol policy
Dry Creek Induction On Line
EEHA Installation and Maintenance
Elevated Work Platform WP
Emergency Equipment - Familiarisation
Emergency Pipeline Exercise - SA
Emergency Pipeline Exercise - South East
Emergency Pipeline Repairs
Emergency Response
Emergency Response - Site coordinator
Enerflex Natural Gas Engine- Reciprocating Compressor Training
Environmental Induction - On line
Epic Field introduction and Familiarization
Equal Employment Opportunity, Discrimination, Harassment & Bullying
ESM Engine System Management
Excavation of Pipelines
Excel - Best Practice Essentials
Excel Advanced
Excel Intermediate
Excel Introduction
External Visual Inspection - Pressure Vessels & Pipes
Fatigue & Stress Management
Finance for Non Finance Managers
Fire Safety Certificate
Fisher Control Valve Operation & Maintenance
Fisher Farris PSV Safety Relief Valves Ops & Maintenance
Fisher ROC Operation/Maintenance
Food Safety
Forklift Operator Certificate of Competency LF
Front-end Loader Engine >2L LL
FTA Association
Gas Chromatograph Operation & Maintenance - Basic
Gas Chromatograph Operation & Maintenance - Intermediate
Gas Detection - Santos (Epic SA)
Gas Engine Maintenance WAUKESHA
Gas Turbine Inspection & Maintenance
GIS & GBM
Greening Australia
Hazard And Incident Reporting
Hazard Area Installation & Maintenance
Hazard Identification and Control
Hazardous Materials (MSDS)
HAZOP Leader
Health & Safety Representative Level 1 - SA
Health & Safety Representative Training Course
Health and Safety Representative Level 2 - SA
Heat Stress - Santos (Epic SA & Qld)
Hot Tap & Stopple Plugging Equipment Training
Hot Tap & Stopple Training
Hot-Tapping of Pipelines, Practices and Procedures
How to Effectively Manage Multiple Locations
HR Class Licence - Heavy Rigid 8t-9t
Human Resources Induction
Hydrocarbon Properties & Principles
ICam - Incident investigation
Incident Commander
Industrial Type B Appliance training
Introduction To Gas Pipelines
Introduction to Pigging
Introduction to Public Relations
Introduction to Turbine Engines
Isolation - SSOW
JHA - SSoW
Land Access Code & Cultural Heritage
Lubrication
Maintenance Planning Course
Manual Handling
MAP Gas Engine Alternator Ops
Maximo 7.1
Mercury Awareness
Microsoft Project - Introduction
MR Class Licence - Medium Rigid
Natural Gas Engine & Compressor Training
Natural Gas Filtration Introduction
NEBOSH International Technical Certificate in Oil & Gas Operational Safety
Nipping Problems in the bud and complaint handling
Odorant Station Operation
Operations Field Induction On Line
Osborne - Regulator & Meter Station Familiarisation
Outdoor Safety
Over Pressure/Relief Valve Systems
Pelican Point Power Limited Induction - SA Zone 4
Penrice Induction Online
Permit to Work - SSOW
Personal Protective Equipment
Personnel Movement Tracking
Pipe Location - General Epic Module
Pipeline Compression Basics
Pipeline Integrity Risk Management
Pipeline Surveillance
Pipeline Voice Communications
PLC - Advanced
PLC Basics - Instrumentation Modules
Pole Top Rescue Training course and Ladder Use
Power Tool Safety
Powerpoint - Intermediate
Preventing Discrimination & Harassment
Principles of Flow Measurement
Professional Presentations
Project Management
Reciprocating compressor Training
Rehabilitation & Return to Work Coordinator
Responsible Officer
Restricted Electrical Workers Licence (NREL)
Rigging - Intermediate RI

PL12 Annual report 2012
5.1 Operations and Maintenance Activities

All routine and corrective maintenance activities for the Beverley Pipeline are specified in Epic Energy’s CMMS and scheduled by this system which generates work orders for maintenance staff to complete. The routine preventative maintenance activities scheduled for the Beverley Pipeline during 2012 included:

- Monthly pipeline road surveillance and compound inspections
- Three (3) Monthly Accuracy Verification Testing.
- Six (6) Monthly Pressure Reduction station mechanical regulator maintenance.
- Six (6) Monthly Filter Inspection/Change.
- Six (6) Monthly Cathodic Protection on/off full line potential surveys.
- Two (2) monthly Transformer Rectifier Surveys
- Five (5) yearly DCVG survey
- Annual Emergency response equipment inspections
- Two (2) yearly Emergency Response Exercise
- Line of Sight Clearing
- Land owner contact and pipeline awareness program.

A description of the Operations and Maintenance activities for 2012 is provided below.
### 5.1.1 Pipeline Patrol Activities

Monthly road patrols were completed in accordance with AS 2885.3 criteria to ensure the following issues are assessed:

- Signage is in suitable condition and if not, repairs are affected as soon as is practically possible. Any issues not addressed during the patrol are fed back into the CMMS in the form of a corrective maintenance work order. These are then scheduled and completed as part of backlog work management.
- No third party activities were being carried within the vicinity of the pipeline easement with potential to cause pipeline integrity issues.
- Soil erosion due to wind and water is addressed and restored in accordance with the SEO and that pipeline depth of cover is maintained.
- There are no leaks occurring at the pipeline facilities or along the pipeline route.
- All sites are secure and kept in a good, clean and tidy state.
- Inspections of above ground pipe coating condition, fences, gates, padlocks, signage, fire extinguishers, weeding and housekeeping at the meter station.

There were no significant issues identified during road patrols during 2012; however the following items were identified and addressed:

- Pipeline warning signage was replaced as required,
- Water erosion was identified at KP9 and immediately rectified to restore the pipeline depth of cover. Refer Figure 1.1

Figure 1.1 – Erosion detected at KP9
5.1.2 Leakage Detection

Epic Energy monitors the Beverley Pipeline for leakage remotely from TSCC and during the routine ground patrols as staff travel along the pipeline. Field staff look for signs of gas leakage, such as dust plumes, the sound of escaping gas and dead or dying vegetation, while staff at TSCC monitor system pressure, flow, and alarms which have been set to identify leaks in the system.

If a significant leak occurred on the Beverley Pipeline system, Pipeline Leak Monitoring System (PLMS) used by the Epic Energy Control Room for the Moomba to Adelaide Pipeline, given the Beverley Lateral is an off take of the MAP, would identify the loss allowing remote isolation of the lateral from the TSCC.

There were no instances of any leaking valves or equipment on the Beverley Pipeline during 2012.

5.1.3 Pipeline Coating

Epic Energy did not undertake a DCVG Survey on the Beverley Lateral during 2012, with the most recent DCVG coating condition survey carried out in 2008. DCVG surveys are carried out every five years in-line with the Epic Energy Integrity Management Plan; the next survey scheduled for the Beverley Pipeline is in 2013.

The most recent survey results show that lateral has maintained a very high pipe to soil resistance with no change to the previous survey. There were three coating defects not considered as significant (%IR < 2) when assessed in terms of the percentage reduction of applied cathodic protection, these defects were previously reported and repaired.

5.1.4 Cathodic Protection

As per the revised IMP (S-25-209BEV-IMP-P-001) plan developed for Beverly lateral, in 2012, one cathodic protection full line on/off survey was completed as part of the Epic Energy preventative maintenance program.

Pipe to soil potential survey carried out in October recorded that 100% of the reading taken satisfied the minimum protection criteria of 850mV versus a copper/copper sulphate reference electrode.

Pipe to soil potential survey data is given in Appendix A.

5.1.5 Electrical & Instrumentation maintenance activities

There were no electrical/instrumentation maintenance activities carried out on the Beverley Pipeline or the regulator skid pipe work during 2012. All Electrical & Instrumentation tasks are associated with upstream meter station equipment under PL1.

There were no significant electrical or instrumentation equipment issues identified during 2012 requiring rectification.

5.1.6 Mechanical Maintenance activities

Routine six monthly inspections and overhaul of the Tartarini pressure regulators at the Beverley Pipeline pressure reduction facility were completed in 2012.

No significant mechanical issues were identified as required rectification during 2012.
5.1.7 Communications

During 2012 a number of minor system faults restricted site communications for short periods. All issues were immediately addressed by maintenance staff with no significant interruptions to the SCADA system data acquisition from the site.

6 INCIDENT REPORTING

There were no reportable incidents on the Beverley Pipeline during 2012.

7 LAND MANAGEMENT

7.1 Land Owner Liaisons

There is only one landowner and occupier along the Beverley Lateral. The landowner on the pipeline was visited during the year and a questionnaire was completed. The questions were centered on awareness of the pipeline location and their responsibilities with respect to works in the pipeline vicinity.

As part of Epic Energy’s continuous improvement program for pipeline awareness the landowner was posted one letter and one postcard during the year containing information on pipeline safety and their responsibilities as landowners. An Epic Energy 2013 calendar reminding the landowner of pipeline safety was also forwarded in December 2012.

7.2 Pipeline Safety Awareness

Epic Energy implements a Community Awareness Program, which entails holding regular meetings with relevant parties along the pipeline route.

To adequately protect the various pipeline infrastructures that Epic Energy operates and maintains in South Australia, Epic Energy set a target of a minimum of 50 meetings in 2012 with public authorities, utilities, and emergency service organizations, including contractors to these organizations wherever possible.

The Safety Awareness Program is supported by a mail out to remind land occupiers of pipeline safety issues, and the pipeline is signed in accordance with the requirements of AS2885.1.

7.3 Pipeline Location and Referral services

Epic Energy provides a free “dial before you dig” service which third parties can call to locate any pipeline infrastructure prior to undertaking any digging. The service is primarily used by other companies, contractors and third parties carrying out civil works in the vicinity of the pipelines.

There were no DBYD requests for pipeline location and information regarding the Beverley Pipeline during 2012.

8 ENVIRONMENTAL MANAGEMENT

EBS Ecology was commissioned by Heathgate Resources Pty Ltd to undertake an assessment of the Beverley Mine Gas Lateral Pipeline as part of an ongoing survey to ascertain the success of the rehabilitation works undertaken following installation of the line. Success is measured through the use of Goal Attainment Scaling (GAS), which is regularly used to monitor the effectiveness of rehabilitation at the Moomba oil and gas fields (Woodburn and Fatchen 1998). Primarily, recognition of the re-establishment of long lived perennial species in the rehabilitation areas along with sufficient density and diversity to maintain a stable and self sustaining vegetation stratum is required.

The field survey was conducted from 6th to 17th October 2012, with 10 sites surveyed.
Observations from the 2012 survey show that the abundance and cover of perennial species increased in both the control and ROW transects from 2011 results. This has continued the improving trend in these measures from the previous three assessments. ROW transects have continued to record numbers which are more consistent with the control transects in terms of species richness and cover. There was an increase in the number of alien species from five in 2011 to eight in 2012, but these were not classed as Environmental Weeds (refer to Dept. of Planning, Transport and Infrastructure (DPTI) listing). There was no increase in the cover of alien species.

Control documentation and training
Environmental procedures and work instructions continue to be reviewed and updated as necessary. In early 2012, the online environmental training module was completed and implemented. This induction provides an overview of environmental risks, control measures and responsibilities. All Epic Energy employees and contractors entering the field are required to complete the training.

Environmental issues
There was one minor soil erosion issue identified during pipeline surveillance activities in 2012 (refer Section 5.1.1). Remediation was carried out immediately to rectify the issue.

Appendix A contains the “Assessment of Declared Objectives” against the SEO for the Beverley Lateral.

9 EMERGENCY RESPONSE

The Petroleum and Geothermal Energy Regulations require that an Emergency Response Exercise is to be conducted on the Beverley Pipeline once every two years, and that a set of Emergency Response procedures is to be developed and maintained. These procedures are detailed in Epic Energy’s “Emergency Response Manual”.

Epic Energy and South East Australia Gas Pty Ltd (SEA Gas) carried out a joint desk top emergency response exercise “Exercise Vulcan” on the 21 June 2012. The exercise was carried out in accordance with "The Regulations Under the Petroleum & Geothermal Energy Act 2000 “ and the requirements of Pipeline License No’s 1& 12.

The exercise was also attended by representatives from the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) – Petroleum and Geothermal Energy Group, Office of the Technical Regulator (OTR) and APA Group.

The exercise was designed to identify the impact to Adelaide’s gas supply from a pipeline failure due to unauthorized third party activities, which affected both the Moomba to Adelaide natural gas transmission pipeline (MAP) and the Port Campbell to Adelaide natural gas transmission pipeline (PCA).

The exercise was prefaced with an overview of:
- emergency response, incident management and incident control criteria;
- exercise preamble, aims and objectives;
- National and international security intelligence status;
- PCA and MAP operating status; and
- Exercise weather.

The incident site was located to the north of Adelaide where the PCA and MAP cross each other with minimal vertical separation. The failure of the PCA as a result of unauthorized third party activities resulted in heat damage to the MAP, requiring independent isolation of each pipeline.

The exercise highlighted that both SEA Gas and Epic Energy were capable of jointly responding and managing an incident which simultaneously impacted both pipelines. The importance of ongoing communication and coordination between SEA Gas and Epic Energy, including coordinated media management in consultation with emergency services and statutory authorities was identified as being critical to the effective management of the incident and post recovery repair.

Effective initial incident site response; joint assessment of isolation, repair and recovery strategies; and sharing repair equipment and resources, were identified as common areas that would lead to improved
response and repair strategies being developed. There were 10 recommended actions as a result of the exercise.

Overall the exercise successfully attained the stated aims and objectives and provided a basis for improved emergency coordination between SEA Gas and Epic Energy.

Three (3) additional emergency response drills were conducted by Epic Energy during 2012 to further enhance the skills of its employees. Although the drills were not directly related to PL12, the employees that participated were the same employees that would respond to an emergency incident related to PL12.

A report on “Exercise Vulcan” was presented to DMITRE on 1 August 2012.

10 REGULATORY COMPLIANCE

Epic Energy ensures that design, manufacture, construction, operation, maintenance and testing of all appropriate facilities is carried out in accordance with the relevant Acts of Parliament, licence conditions and the requirements of AS2885.

Epic Energy attends quarterly compliance meetings with DMITRE, where operational regulatory compliance is discussed in an open manner.

Changes in legislation are tracked and communicated through a legal compliance committee which meets on a monthly basis.

Epic Energy maintains a compliance database, Safety Wise, which tracks legislative compliance throughout the organization. Obligations are assigned to responsible staff, who must supply evidence that the obligation has been satisfied within a specified time period.

Epic Energy is not aware of any regulatory non compliance for this pipeline, and believes it is fulfilling its obligations in relation to the following requirements:
- The Petroleum & Geothermal Energy Act & Regulations 2000
- Pipeline Licence (PL12)
- The Statement of Environmental Objectives

Epic Energy maintains an action tracking system for improvements to its systems, which is fully traceable through to close out of individual items.

Significant items are reported through to DMITRE, and would be raised at the quarterly compliance meetings held between DMITRE and Epic Energy.

There have not been any significant regulatory compliance issues during this reporting period.

11 RISK MANAGEMENT

Epic Energy incorporates risk management into operational processes and strategies in accordance with AS/NZS ISO 31000.

An Enterprise Wide Risk Management approach is taken with the framework for risk management overseen by the Enterprise Wide Risk Management Committee.

Epic Energy undertakes a variety of risk assessments from a high level corporate approach through to operational level technical assessments.
Epic Energy utilizes the following risk management strategies to minimize pipeline risks to ALARP:

A Enterprise-wide Risk Management Committee has been appointed to oversee risk management systems and material business and operational risks
Maintains a corporate risk register, and environmental risk register
Maintains a Risk Management Manual that outlines how the risk management system within Epic Energy operates
Aerial and ground surveillance of the pipeline system
Induction processes and Safe Work Systems, including Permit to Work
Programmed preventative maintenance activities to ensure all of the pipeline facilities are maintained in accordance with best industry practices and the relevant codes and standards that apply
Operates Workplace Health & Safety Committees
Design system change control procedures
In accordance with AS 2885 Epic Energy conducts 5 yearly metre by metre risk assessment reviews, the most recent assessment was undertaken during the 2012 reporting period
Maintains HAZOPS for above ground facilities
Pipeline & Safety awareness program
Land ownership use notification system
Landholder and stakeholder contact program
Participation in industry forums on risk management
Provides a free “1100” Dial before You Dig information system
Operates a hazard reporting system where employees are able to formally report hazards of which they become aware
Maintains a central training register, which ensures formal qualifications of staff are kept up to date
Has a formal mentoring system in place to pass on knowledge of the most experienced staff to newer members
Maintains work instructions and work procedures for maintenance activities

12 MANAGEMENT SYSTEM AUDITS

12.1 Health and Safety

A complete external audit of the Safety Management System, including all 16 standards, was completed during 2012.

Overall the audit found that Epic Energy has in place:

- applicable health, safety and environmental systems that are in compliance with statutory and Safety Case Requirements
- clearly defined roles and responsibilities documented within the Safety Management System
- a comprehensive Occupational Health and Safety Management systems and
- that the Epic Energy SMS is being appropriately implemented

The audit found 4 non-conformances being noted by the auditor and 31 recommendations for improvement. Epic will review the recommendations and implement an improvement plan for short term and long term priorities.

12.2 Management Audit

Epic Energy completed a number of management audits during the year. These were a combination of Epic’s internal audit program and external audits by industry experts initiated by Epic Energy.
The following topic areas were subject to audit during 2012:

- Safety Critical Device Audit
- SWER Maintenance Plan Audit
- Vehicle Driving Audits
- Life Saver Control Audits
- Drawing Audits for TSCC and Wasleys
- Personnel Tracking Movement Audits
- Aerial Surveillance Audit
- Peterborough Depot Soils & Samples Audit
- Compliance with NGERS Reporting
- Aviation Audits
- AS 2885.3 Readiness Review
- Review of STTM Compliance Systems

The auditing program offers the opportunity to identify and promote continual improvement within Epic Energy and completion of these audits is recognized as a key performance indicator by the board of directors.

13 REPORTS ISSUED DURING 2012

The following reports were generated and forwarded to Heathgate Resources (and DMITRE) for the Beverley Lateral in 2012:

- Annual Beverley Area Rehabilitation Survey Report.
- Final copy of the revised Operations and Maintenance contract
- 2012 Beverley lateral review of AS2885 SMS report (draft copy)
- Operations and maintenance gas venting report
- Epic Energy workplace health and safety glossary of terms
- Epic Energy SMS audit tool
- Environmental risk register review report
- Corporate workplace health & safety annual business plan 2012 January monthly report
- Corporate workplace health & safety annual business plan 2012 February monthly report
- Epic Energy's perspective on the pacific gas and electric company's gas transmission pipeline rupture and fire in San Bruno
- APIA pipeline operator's group activity report (October 2011 to April 2012)

14 VOLUME OF PRODUCT TRANSPORTED

Approximately 61 TJ of natural gas was transported through the Beverley Pipeline during 2012.

15 PROPOSED OPERATIONAL ACTIVITIES FOR 2013

There are no activities outside of the routine scheduled maintenance works proposed for the Beverley Pipeline in 2013.

16 STATEMENT OF EXPENDITURE
17 KEY PERFORMANCE INDICATORS

The following key performance indicators have previously been established to monitor performance of operations and maintenance activities on the Beverley Lateral Pipeline.

<table>
<thead>
<tr>
<th></th>
<th>2012 Target</th>
<th>2012 Actual</th>
<th>2012 Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cathodic Protection</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of the pipeline protected to the AS2885-1997 level</td>
<td>100%</td>
<td>100%</td>
<td>This represents a satisfactory level of protection over the entire length of the pipeline.</td>
</tr>
<tr>
<td><strong>Third Party Incident</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of times pipeline is damaged</td>
<td>0</td>
<td>0</td>
<td>No damaged occurred to the pipeline during the reporting period</td>
</tr>
<tr>
<td>Number of near misses (digging within 1m of pipeline)</td>
<td>0</td>
<td>0</td>
<td>No activities of this nature that involved Epic Energy, the owner or a third party were identified during the reporting period</td>
</tr>
<tr>
<td>Exposure of pipeline due to washout and wind erosion</td>
<td>0</td>
<td>0</td>
<td>During the reporting period, there were no instances of the pipeline cover being eroded due to wind or water</td>
</tr>
<tr>
<td><strong>SCADA and Leak Detection</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reliability of SCADA and Leak Detection System</td>
<td>100%</td>
<td>99.98%</td>
<td>SCADA system reliability met target expectations.</td>
</tr>
<tr>
<td><strong>Environmental</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of uncontrolled hydrocarbon releases</td>
<td>0</td>
<td>0</td>
<td>No uncontrolled Hydrocarbon releases were recorded during the reporting period</td>
</tr>
<tr>
<td><strong>Earth Tremor Surveillance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicular surveillance immediately after an earth tremor or flood</td>
<td>100%</td>
<td>100%</td>
<td>Several road additional surveillance activities were scheduled or rescheduled after heavy rains periods reported in 2011</td>
</tr>
</tbody>
</table>

18 CONCLUSION

The maintenance and inspection programs carried out on the Beverley Pipeline in 2012 indicated the pipeline is in sound condition and is capable of operating at set parameters with no restrictions.

The CP Survey results supplied in Appendix A indicate the protection level meets the targeted performance levels for this system.
APPENDIX A - PIPELINE CATHODIC PROTECTION DATA
### Beverley Lateral Pipeline

<table>
<thead>
<tr>
<th>Description</th>
<th>Oct-12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KP</td>
</tr>
<tr>
<td>Beverley take off U/S</td>
<td>0</td>
</tr>
<tr>
<td>Beverley take off D/S</td>
<td>0</td>
</tr>
<tr>
<td>Test Point Foreign Crossing</td>
<td>0.1</td>
</tr>
<tr>
<td>Test post</td>
<td>0.5</td>
</tr>
<tr>
<td>Test post</td>
<td>1.4</td>
</tr>
<tr>
<td>Test post</td>
<td>2.8</td>
</tr>
<tr>
<td>Test post</td>
<td>4.2</td>
</tr>
<tr>
<td>Test post</td>
<td>5.6</td>
</tr>
<tr>
<td>Test post</td>
<td>7</td>
</tr>
<tr>
<td>Test post</td>
<td>8.4</td>
</tr>
<tr>
<td>Test post</td>
<td>9.8</td>
</tr>
<tr>
<td>Test post</td>
<td>11.2</td>
</tr>
<tr>
<td>Test post</td>
<td>12.6</td>
</tr>
<tr>
<td>Test post</td>
<td>14</td>
</tr>
<tr>
<td>Heathgate Plant entry U/S</td>
<td>14</td>
</tr>
<tr>
<td>Heathgate Plant entry D/S</td>
<td>14</td>
</tr>
</tbody>
</table>
APPENDIX B - ASSESSMENT OF DECLARED OBJECTIVES
## PL 12 Beverley Pipeline Objectives and Assessment Criteria

### ASSESSMENT OF DECLARED OBJECTIVES

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>GOAL(S)</th>
<th>MEASURE/ NOW</th>
<th>ACHIEVED/ NOT ACHIEVED</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To avoid unnecessary disturbance to 3rd party infrastructure, landholders or land use</td>
<td>1.1 To minimize disturbance or damage to infrastructure / land use and remediate where disturbance cannot be avoided</td>
<td>Incident reports. Records of communications with adjacent landholders / 3rd party prior to &amp; during maintenance work. Landholder contact records database. Photo points or inspection reports, specifically to look at: removal of waste products, re-instatement of soil profiles, adequate re-contouring of surface profile, return of land use.</td>
<td>Achieved</td>
<td>No excavation activities were carried out on the Beverley Lateral during 2012.</td>
</tr>
<tr>
<td>1.2 To minimize disturbance to landholders</td>
<td>Records of communications with adjacent landholders / 3rd party prior to &amp; during maintenance work. Landholder contact records database. Landholder activities not restricted as a result of pipeline activities. Completed disturbance checklist.</td>
<td>Achieved</td>
<td>No activities were carried out on the Beverley Lateral during 2012 requiring landowner notifications.</td>
<td></td>
</tr>
<tr>
<td>2. To maintain soil stability / integrity</td>
<td>2.1 To remediate erosion as a result of pipeline operations in a timely manner</td>
<td>Timed photo points (only after significant erosion) or annual land survey, specifically to look at evidence of erosion, subsidence, vegetation loss on Right of Way &amp; compare to adjacent land. Inspections undertaken as part of regular patrols, following specific works, following significant storm events. Preventative measures implemented and monitored in susceptible areas.</td>
<td>Achieved</td>
<td>One minor water erosion issue was identified during pipeline surveillance activities in 2012, remediation was carried out immediately.</td>
</tr>
<tr>
<td>OBJECTIVE</td>
<td>GOAL(S)</td>
<td>MEASURE/ NOW</td>
<td>ACHIEVED/NOT ACHIEVED</td>
<td>COMMENTS</td>
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<tr>
<td>2.2 To prevent soil inversion</td>
<td>Annual land survey to look for soil discoloration, success of vegetation return as an indicator. Disturbance checklist signed off to indicate top soil/subsoil is stockpiled separately and soil profiles appropriately reinstated following the re-instatement of works/excavations.</td>
<td>Achieved</td>
<td>One minor water erosion issue was identified during pipeline surveillance activities in 2012, remediation was carried out immediately.</td>
<td></td>
</tr>
<tr>
<td>3. To maintain native vegetation cover on the Right of Way</td>
<td>3.1 To maintain regrowth of native vegetation on the Right of Way to be consistent with surrounding area</td>
<td>Annual land survey to look for evidence of disturbance to vegetation on Right of Way (apart from access tracks). Disturbance checklist (including timed photos) signed off to indicate adequate steps undertaken to facilitate regrowth. Follow-up rehabilitation work was undertaken where natural regeneration was inadequate.</td>
<td>Achieved</td>
<td>No impact from maintenance activities. Refer to the EBS Ecology environmental &quot;Annual Rehabilitation Survey of the Beverley Lateral&quot;</td>
</tr>
<tr>
<td>3.2 To minimise additional clearing of native vegetation as part of operational activities</td>
<td>Annual land survey to look for evidence of disturbance to vegetation on Right of Way (apart from access tracks). Use of Disturbance checklist and photo points before, during &amp; after any excavation or land disturbance activity. Vegetation trimmed rather than cleared where possible. Consideration of sensitive vegetation during vegetation trimming and/or clearing activities.</td>
<td>Achieved</td>
<td>No impact from maintenance activities. Refer to the EBS Ecology environmental &quot;Annual Rehabilitation Survey of the Beverley Lateral&quot;</td>
<td></td>
</tr>
<tr>
<td>3.3 To ensure maintenance activities are planned and conducted in a manner that minimises impacts on native fauna</td>
<td>Use of Disturbance checklist and photo points before, during &amp; after any excavation or land disturbance activity. In event of pipeline repair, open trenches are monitored daily and not left open for more than 72 hours.</td>
<td>Achieved</td>
<td>No impact from maintenance activities.</td>
<td></td>
</tr>
<tr>
<td>4. To prevent the spread of weeds and pathogens</td>
<td>4.1 To ensure that weeds and pathogens are controlled at a</td>
<td>Regular patrols undertaken to look for evidence of weeds on Right of Way and</td>
<td>Achieved</td>
<td>No impact from maintenance activities.</td>
</tr>
<tr>
<td>OBJECTIVE</td>
<td>GOAL(S)</td>
<td>MEASURE/ NOW</td>
<td>ACHIEVED/NOT ACHIEVED</td>
<td>COMMENTS</td>
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<tr>
<td></td>
<td>level that is at least consistent with adjacent land</td>
<td>adjacent land (if weeds on Right of Way but not adjacent land must implement control to prevent spread). Records of outbreaks found, weed control activities and photo-monitoring of significant outbreaks. Vehicle wash down processes. Where appropriate, closure of ROW access road.</td>
<td>Achieved</td>
<td>Refer to the EBS Ecology environmental &quot;Annual Rehabilitation Survey of the Beverley Lateral&quot;</td>
</tr>
<tr>
<td>5. To minimise the impact of the pipeline operations on surface water resources</td>
<td>5.1 To maintain current surface drainage patterns</td>
<td>Regular patrols and annual survey undertaken to look for evidence of erosion, abnormal vegetation growth or death. Observations also to be undertaken following significant storm events. Use of Disturbance checklist before, during &amp; after excavations, CP installation, construction activities, etc.</td>
<td>Achieved</td>
<td>No impact from maintenance activities.</td>
</tr>
<tr>
<td>6. To avoid land or water contamination</td>
<td>6.1 To prevent spills occurring, and if they occur minimise their impact</td>
<td>Evidence of soil discoloration, vegetation or fauna death during patrols. Incident / Spill reports. Use of spill protection methods where work is completed within or adjacent to environmentally sensitive areas. Containment of all hazardous substances and liquid waste in appropriate vessels. Prevention program including pigging, intelligent pigging and pipe maintenance.</td>
<td>Achieved</td>
<td>No oil/hydrocarbon spills reported in 2012.</td>
</tr>
<tr>
<td>OBJECTIVE</td>
<td>GOAL(S)</td>
<td>MEASURE/ NOW</td>
<td>ACHIEVED/NOT ACHIEVED</td>
<td>COMMENTS</td>
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</tr>
<tr>
<td>6.2 To remediate and monitor areas of known contamination arising from pipeline operations</td>
<td>Incident / Spill reports. Active remediation methods implemented where it is determined that contamination is spreading or level of contamination is not decreasing. Use of groundwater monitoring bores. Use of soil farms for remediation.</td>
<td>Achieved</td>
<td>No oil/hydrocarbon spills reported in 2012.</td>
<td></td>
</tr>
<tr>
<td>6.3 To prevent the spread of contamination where the Right of Way intersects known contaminated sites</td>
<td>Use of Disturbance checklist and photo points before, during &amp; after excavations, CP installation, construction activities, etc. Identification of contaminated sites along Right of Way and establishment of monitoring points.</td>
<td>Achieved</td>
<td>There are no known contaminated sites on the Beverley Lateral.</td>
<td></td>
</tr>
<tr>
<td>6.4 To ensure that rubbish and waste material is disposed of in an appropriate manner.</td>
<td>Regular patrols or annual survey undertaken to look for evidence of rubbish, spills (soil discolouration). Waste disposal records, chemical manifests. Appropriately licensed contractors used for any hazardous waste disposal and records are maintained for all hazardous waste disposal. Use of Disturbance checklist and photo points before, during &amp; after excavations, CP installation, construction activities, etc.</td>
<td>Achieved</td>
<td>All rubbish and materials are removed from site and disposed in an approved refuse collection facility.</td>
<td></td>
</tr>
<tr>
<td>6.5 To prevent adverse impacts as a result of hydro-test water and wastewater (water bath heaters and wash-down water) disposal</td>
<td>Water disposed of in a manner that prevented discharge or runoff to watercourses or environmentally sensitive areas. Water discharged onto stable ground, with no evidence of erosion as a result of discharge. Records on source of water and discharge method/location.</td>
<td>Achieved</td>
<td>During the reporting period there were no operational requirements to dispose of any waste water.</td>
<td></td>
</tr>
<tr>
<td>OBJECTIVE</td>
<td>GOAL(S)</td>
<td>MEASURE/ NOW</td>
<td>ACHIEVED/NOT ACHIEVED</td>
<td>COMMENTS</td>
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</tr>
<tr>
<td>7. To minimise the risk to public health and safety</td>
<td>7.1 To adequately protect public safety during normal operations</td>
<td>Job Hazard Analysis. Records of Annual Reports, Fitness for Purpose Reports, Risk Assessments and inspections. Records (including above) demonstrating compliance to AS2885.</td>
<td>Achieved</td>
<td>Epic Energy has approved procedures, policies and work instruction to ensure compliance with this goal.</td>
</tr>
<tr>
<td></td>
<td>7.2 To adequately protect public safety during maintenance</td>
<td>Job Hazard Analysis. Records of communications with adjacent landholder prior to &amp; during maintenance work including advice of the nature and schedule of maintenance activities. Use of signage or bunting to identify all potentially hazardous areas. Adequate implementation of traffic management practices. Records of regular emergency response training for employees and review of procedures. Incident Reports.</td>
<td>Achieved</td>
<td>Epic Energy has approved procedures, policies and work instruction to ensure compliance with this goal.</td>
</tr>
<tr>
<td></td>
<td>7.3 To avoid fires associated with pipeline maintenance activities</td>
<td>Incident reports. Records of regular fire safety and emergency response training for all operations personnel and review of procedures. Established procedures for minimising fire risk during maintenance.</td>
<td>Achieved</td>
<td>No reported incidents during 2012.</td>
</tr>
<tr>
<td></td>
<td>7.4 To prevent unauthorised activity on the Right of Way that may adversely impact on the</td>
<td>Inspection / Patrol reports and records. Comprehensive landholder liaison</td>
<td>Achieved</td>
<td>No unauthorised activity reported in 2012</td>
</tr>
<tr>
<td>OBJECTIVE</td>
<td>GOAL(S)</td>
<td>MEASURE/ NOW</td>
<td>ACHIEVED/NOT ACHIEVED</td>
<td>COMMENTS</td>
</tr>
<tr>
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</tr>
<tr>
<td></td>
<td>pipeline integrity</td>
<td>program and records of communications with landholders. Community education program implemented in Regional areas. ‘Dial before you dig’ number available and widely advertised. Clear identification of the pipeline by signs installed in accordance with AS2885. All reports of unauthorized activity are reported and investigated.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Minimise impact of emergency situations</td>
<td>8.1 To minimise the impact as a result of an emergency situation or incident</td>
<td>Incident reports. Emergency response trials (carried out at least annually) and associated documentation. Records of regular emergency response training for all personnel and review of procedures. Link between ER exercises and Risk assessment.</td>
<td>Achieved</td>
<td>No reported incidents during 2012.</td>
</tr>
<tr>
<td></td>
<td>8.2 To restore any damage that may occur as a result of an emergency situation</td>
<td>Refer to previous criteria (Objective 1, 2, 3 &amp; 6).</td>
<td>Achieved</td>
<td>Refer to sections 1, 2, 3 &amp; 6.</td>
</tr>
<tr>
<td>9. To minimise noise due to operations</td>
<td>9.1 To ensure operations comply with noise standards</td>
<td>Incident reports. Monitoring results, where deemed necessary (e.g. frequent complaints).</td>
<td>Achieved</td>
<td>No reported incidents during 2012.</td>
</tr>
<tr>
<td>10. To minimise atmospheric emissions</td>
<td>10.1 To eliminate uncontrolled atmospheric emissions</td>
<td>Incident reports.</td>
<td>Achieved</td>
<td>No reported incidents during 2012.</td>
</tr>
<tr>
<td></td>
<td>10.2 To minimise the generation of dust.</td>
<td>Incident reports. Compliance with EMS Procedures (vehicle movement, dust suppression, etc).</td>
<td>Achieved</td>
<td>No reported incidents during 2012.</td>
</tr>
<tr>
<td>11. To adequately protect</td>
<td>11.1 To ensure that identified</td>
<td>Consultation with relevant heritage</td>
<td>Epic Energy has approved</td>
<td></td>
</tr>
<tr>
<td>OBJECTIVE</td>
<td>GOAL(S)</td>
<td>MEASURE/ NOW</td>
<td>ACHIEVED/NOT ACHIEVED</td>
<td>COMMENTS</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>----------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
<td>-----------------------</td>
<td>---------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>cultural heritage sites and values during operations and maintenance</td>
<td>cultural sites are not disturbed</td>
<td>groups if operations occurring outside known surveyed areas. Surveys / Cultural heritage monitoring before / during excavations. Records of site locations on operations GIS. Use of Disturbance checklist prior to undertaking maintenance works. Site examined for cultural heritage material prior to work involving off-Right of Way disturbance or in an area of archaeological potential or in an area identified as being of known medium to high archaeological sensitivity.</td>
<td>Achieved</td>
<td>procedures, policies and work instructions to ensure compliance with this goal.</td>
</tr>
</tbody>
</table>