

Esso Australia Resources Pty Ltd
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Perth WA 6000

ExxonMobil

10 July, 2014

Ian Blayney MLA
Chairman
Economics and Industry Standing Committee
Parliament House
Perth
Western Australia 6000

Dear Ian,

Re: Inquiry into safety-related matters relating to FLNG projects: Request for a submission

Please find attached a submission to the Inquiry into safety-related matters relating to FLNG projects.

Should you have any questions, please contact me

Yours sincerely,



Luke P. Musgrave
Vice President LNG – Mobil Australia Resources Company Pty Limited
For and on behalf of Esso Australia Resources Pty Ltd

Attachment: Inquiry into safety-related matters relating to FLNG projects

The Scarborough gas field is located in the Carnarvon Basin, offshore Western Australia (WA), approximately 220km northwest of Exmouth, in water depths of approximately 900-970m. Esso Australia Resources Pty Ltd, a wholly owned subsidiary of ExxonMobil¹, is in the early stages of developing the Scarborough field as operator. A Floating Liquefied Natural Gas (FLNG) facility is considered the lead development option for liquefaction, storage and offloading of LNG, based on a balance of economic, environmental and social considerations.

Should the Scarborough field be developed using FLNG technology, the facility would be approximately 495 meters long, 75 meters wide and will process a total of approximately 6-7 million tons per annum of LNG. The FLNG facility would be permanently moored to the seabed and weathervane in response to prevailing wind, wave and current conditions. It would have double-hulled sides and bottom.

The emergency response arrangements for a FLNG facility would be similar in nature to existing emergency response systems and processes developed for offshore oil and gas industry activities and would be managed under existing developed policies and management systems. ExxonMobil is committed to conducting business in a manner that is compatible with the environmental and economic needs of the communities in which we operate, and that protects the safety, security and health of our employees, those involved with our operations and the public. These commitments will underpin the development of the Scarborough field and are documented in our Safety, Security, Health, Environmental and Product Safety policies. These policies are put into practice through a disciplined proprietary management framework called the Operations Integrity Management System (OIMS).

ExxonMobil's OIMS Framework establishes common worldwide expectations for addressing risks inherent in our business. The OIMS Framework includes 11 elements. Each Element contains an underlying principle and set of Expectations. Application of the OIMS Framework is required across all of ExxonMobil, with particular emphasis on design, construction and operations. The OIMS Framework is reviewed annually by Lloyds Register Quality Assurance (LRQA) against the international standard for Environmental Management systems ISO 14001:2004 and Occupational Health and Safety Management Systems OHSAS 18001:2007. LRQA (2013) attested that "OIMS is consistent with the intent and meets the requirements of ISO 14001 and OHSAS 18001. We further believe ExxonMobil to be one of the

¹ In this document the terms ExxonMobil, our and we may refer to Exxon Mobil Corporation, to one of its affiliates or to any one or more of the foregoing. These shorter terms are used merely for convenience and simplicity.

Industry Leaders in the extent to which environmental, health and safety management considerations have been integrated into its business processes for ongoing operations and for the planning and development of new projects.”

ExxonMobil is currently undertaking engineering optimization studies of the FLNG concept to increase project definition and improve technical and execution confidence. Consistent with ExxonMobil’s commitment to the safety of our personnel and the public, early project activities have been guided by OIMS Element 2: Risk Assessment and Management and OIMS Element 3: Facilities design and construction. During these early stages of the project, activities have included the collection of metocean data at the site to support the development of metocean criteria to guide safe facility design, preliminary safety and loss prevention studies, preliminary risk evaluation activities, including severe weather scenarios and emergency response, environmental studies and development of a preliminary facility design basis, incorporating the selection of appropriate design standards. The project is still in the early stages of development and these preliminary activities will support future development of detailed risk assessments and emergency response plans, along with a facility Safety Case, consistent with the requirements of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.