Q'LAND & WILTON



NEW SOUTH WALES GOVERNMENT

PIPELINES ACT 1967

LICENCE No. 16

INSTRUMENT OF GRANT OF PIPELINE LICENCE

PIPELINES ACT 1967

LICENCE NO. 16



East Australian Pipeline Limited (ACN 064 629 009) having its registered office at 115 Canberra Avenue, Griffith, Australian Capital Territory, has applied in accordance with the provisions of section 12 of the Pipelines Act 1967 (hereinafter called "the Act") and the Pipelines Regulation 1993 (hereinafter called "the Regulation") for a Licence to operate a pipeline to convey natural gas between the Queensland-New South Wales border and Wilton (Sydney city gate), [called Pipeline Licence No. 16, after this agreement] and has agreed at Annexure A to accept the Licence and the provisions and conditions attached thereto.

This application complies with the provisions of the Act and Regulation and therefore I, THE HON. GORDON SAMUELS AC, GOVERNOR OF THE STATE OF NEW SOUTH WALES, acting with the advice of the Executive Council, do grant Licence No. 16 for a period of twenty one (21) years effective from my signing of this Licence.

The lands affected by the pipeline are the easements associated with Deposited Plan 499002, registered in the Land Titles Office, Sydney.

This Licence is granted subject to the requirements of and conditions set forth in Annexure B.

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By His Excellency's Command

Minister for Energy

ANNEXURE A

PIPELINES ACT 1967

LICENCE No. 16

East Australian Pipeline Limited ACN 064 629 009, of 115 Canberra Avenue, Griffith ACT, hereby agrees to be bound by this Licence and confirms any warranties given therein.

The Common Seal of EAST AUSTRALIAN PIPELINE LIMITED, ACN 064 629 009, was affixed in the presence of

Director
East Australian Pipeline Limited

EAST AUSTRALIAN PIPELINE LIMITED A.C.N. 064 629 009

Secretary

Registered in the Register of Permits and Licences kept in the Department of Energy of New South Wales at Sydney this .3044. day of .1997.

DIRECTOR GENERAL DEPARTMENT OF ENERGY

ANNEXURE B

This and the succeeding pages are the conditions for Licence No. 16 granted on -----

1. **DEFINITIONS**

In this Licence, unless the contrary appears:

- (a) words in the singular include the plural and vice versa;
- (b) words denoting individuals include corporations and vice versa;
- (c) words denoting any gender include all genders;
- (d) headings are inserted for convenience of reference only and do not affect the interpretation or construction of this Licence;
- (e) schedules and annexures to this Licence form part of this Licence;
- references to any party to this Licence or any other document or agreement include, where relevant, its successors, assigns, agents and representatives;
- references to any agreement, document or legislation include a reference to such agreement, document or legislation as amended, varied, noted, supplemented or replaced from time to time;
- (h) if any condition of this Licence remains to be fulfilled on the expiry of this Licence, that condition shall survive the expiry;
- (i) "Act" refers to the Pipelines Act 1967;
- (j) "Application" means the application by the Licensee dated 23 May 1995.
- (k) "AS2885" refers to the Australian Standard 2885-1987 published by the Council of the Standards Association of Australia as in force from time to time;
- (l) "business day" means a day on which trading banks are open for business in Sydney;
- (m) "Department" refers to the Department of Energy;
- (n) "Director General" refers to the person from time to time holding office (or equivalent office) as Director General, Department of Energy;
- (o) "Licence No. 16" comprises this Licence and the Application;
- (p) "Licence Area" has the meaning specified in the Act;
- (q) "Licensee" refers to East Australian Pipeline Limited A.C.N. 064 629 009 and includes where relevant, its successors, assigns, agents and representatives;
- (r) "MAOP" means Maximum Allowable Operating Pressure;
- (s) "Minister" refers to the Minister for Energy;
- (t) "pipeline" includes any apparatus thereto;

- (u) "Regulation" refers to the Pipelines Regulation 1993;
- (v) "recognised" means recognised by Standards Association of Australia such as ANZS/ISO 9000 series or by the Director General reasonably based on good pipelining practice;
- (w) "public authority" has the meaning specified in the Act.

2. PIPELINE DESCRIPTION AND ENGINEERING DETAILS

2.1 Pipeline

The pipeline to which this Licence applies is described in Schedule 1.

2.2 Warranty by Licensee

The Licensee warrants that technical and other information supplied in support of its application for this licence and otherwise as required by the Licence is true and correct to the best of the knowledge of the Licensee, the Licensee having made full and diligent inquiry.

3. COMPLIANCE WITH LAW AND STANDARDS

In carrying out its obligations under this Licence, The Licensee must comply with all requirements imposed by law and with all recognised standards and practices to operate and maintain the pipeline and must obtain all the necessary consents and approvals.

4. OPERATION, MAINTENANCE AND ROUTINE TEST PROCEDURES

4.1 Operation and Maintenance of the pipeline

The Licensee must operate and maintain the pipeline and its apparatus in such manner as is reasonably necessary to protect all persons, property and the environment from injury, loss, damage and other harm as the case may be. Except as otherwise required by this Licence, the Licensee must operate and maintain the pipeline in accordance with recognised standards and practices and must meet the requirements of the Act, the Regulation, and AS2885.

4.2 Maximum Allowable Operating Pressure (MAOP)

Unless otherwise approved or directed in writing by the Director General, the MAOP of the pipeline must not exceed that determined in accordance with AS2885, and the control devices must comply with the requirements of clause 3.24 of AS2885. MAOP must be reviewed in accordance with clause 10.5 of AS2885.

4.3 Repairs / Maintenance of works

The Licensee must, when undertaking any maintenance or repairs to the pipeline, comply with all relevant safety requirements imposed by law and with recognised safety standards and practices. Without affecting the generality of the foregoing, the Licensee must provide guard fences, notices, warning lights and such other things as may reasonably be necessary for the protection of all persons, property and the environment from injury, loss, damage or other harm as the case may be.

4.4 Corrosion Control

The Licensee must operate and maintain cathodic protection systems on the pipeline in accordance with recognised standards and practices, so as to cause no undue corrosion to other structures or equipment. Without affecting the generality of the foregoing, the Licensee must:

- (a) carry out regular inspections of transformer and rectifier units associated with cathodic protection devices, to ensure they are operating satisfactorily and must maintain a record of such inspections.
- (b) conduct regular corrosion surveys including tests for stray current electrolysis and submit the results of these surveys to the Director General in accordance with condition 12, specifying any corrective action taken.

4.5 Pipeline Markers and Signs

The Licensee must inspect the signs relating to the location of the pipeline at suitable regular intervals and keep a record of such inspections.

4.6 Patrol of Pipeline

The Licensee must patrol the pipeline at suitable intervals for maintenance and repair purposes.

5. ALTERATIONS TO PIPELINE

5.1 Notice to the Director General

(a) Except as provided in this clause, before undertaking any works involving permanent alteration to the pipeline, the Licensee must give written notice of the works to the Director General. In the case of an emergency, the Licensee must notify the Director General as soon as practicable after undertaking any permanent alterations to the pipeline.

(b) On completion of any of the works or alterations referred to in condition 5.1(a), the Licensee must certify to the Director General in writing that the alteration or works were undertaken in accordance with the requirements of this licence including the Safety and Operating Plan, any safety and environmental requirements imposed by law and recognised safety and environmental standards and practices.

5.2 Advice to Contractors

The Licensee must use all reasonable endeavours to ensure that contractors engaged by it comply with the relevant safety and environmental requirements imposed by law, with the requirements of the Safety and Operating Plan and with recognised safety and environmental standards and practices, when undertaking any maintenance or repairs on the pipeline.

6. RECORDS AND RETURNS

6.1 Pipeline Condition and Maintenance Records

The Licensee must maintain records of the pipeline, including records of internal and external corrosion, the depth of pits, the condition of pipe coating, leaks, breaks and damage and other records relating to routine or unusual inspections, maintenance and repair, necessary for the Licensee to assess and report to the Director General on the condition of the pipeline at any time. Such records will be held by the Licensee for as long as the pipeline or any relevant section of it remains in operation. The records must be made available to the Director General, in such form and at such times, as the Director General may reasonably require.

6.2 Other Information Required by Director General

The Licensee must provide such other information in such form and at such times as the Director General may reasonably require regarding the design, construction, operation and maintenance of the pipeline.

6.3 Review of Land Ownership

The Licensee must review ownership of the land affected by the pipeline easements annually and advise the Director General of any changes by 28 February each year for the preceding year ending 31 December. The Licensee must establish contact with any new landowners and maintain adequate liaison with existing landowners.

7. RESTORATION

The Licensee must restore areas disturbed by the maintenance of, or repairs to, the pipeline to as near as possible the condition existing prior to the commencement of such works. In carrying out such works, the Licensee must satisfy the reasonable requirements of any landowners affected by such works, having regard to any specific terms of easements created for the purposes of the pipeline.

8. EASEMENT MAINTENANCE

The Licensee must maintain vegetation in the vicinity of the pipeline that is in keeping with the vegetation native to the region or as otherwise considered appropriate by the Licensee in consultation with the landowner. Such vegetation must not interfere with the safe operation of the pipeline or the assets of relevant land owners or public authorities.

9. DAMAGE

The Licensee must make good and repair at its own expense, or where appropriate pay the costs of repair of, all loss, harm or damage caused to any person, property or the environment, being loss, harm or damage arising out of or in any way connected with the actions or inactions of the Licensee, or any of its agents, officers or employees or any contractor or subcontractor of the Licensee, concerning matters arising from the operation conducted pursuant to this Licence. Such reparation must meet the reasonable requirements of the affected party or parties. The Licensee must by 28 February each year, submit a report to the Director General on such reparations for the preceding calendar year.

10. INSURANCE AND INDEMNITY

10.1 Insurance

The Licensee must arrange and maintain with a reputable insurance company, appropriate and adequate insurance, including public-risk insurance, in respect of the potential for any loss, harm or damage caused to any person, property or the environment, arising out of or in any way connected with the action or inaction of the Licensee or any of its agents or employees or any contractor, or subcontractor of the Licensee, pursuant to the Licence.

10.2 Advice to Director General

The Licensee must produce to the Director General on or before each anniversary of the date on which this Licence was granted;

- (a) satisfactory evidence that such insurance is in force; and
- (b) a certificate signed by a senior, responsible officer of the Licensee, stating that the Licensee has taken all reasonable steps to ensure that no circumstances exist under which the insurer has or may have the right to deny indemnity under, or avoid, any such policy.

10.3 Indemnification

The Licensee must indemnify and keep indemnified the Minister, the Director General and the Department from and against all claims, demands, rights, actions, suits, proceedings, verdicts and judgments of whatsoever kind or nature and whether at law or in equity or arising under the provisions of any statute howsoever and whether for damages, costs, expenses or otherwise and whether for a liquidated or an unliquidated sum, which may be brought against these parties, arising out of any wilful, unlawful or negligent act or omission of the Licensee, or any of its agents, officers, employees or contractors, in connection with this Licence.

11. REQUIREMENTS OF STATUTORY AUTHORITIES

Where the pipeline passes through any lands vested in or under the care and management of any public authority, the Licensee must comply with any agreements relating to the pipeline which it has with such public authorities now and hereafter, unless the public authority waives any compliance.

12. SAFETY AND OPERATING PLAN

12.1 Safety and Operating Plan in operation

The Licensee must within 6 months after the date of the grant of this Licence or such other time as may be approved in writing by the Director General, have in operation and maintain during the term of this Licence, a Safety and Operating Plan which satisfies recognised quality management and safety standards and which includes, but is not limited to, those items shown in Schedule 2. Nothing in this clause shall be taken to permit the Licensee to operate the pipeline without adequate or recognised safety and operating procedures or practices before the Safety and Operating Plan is approved.

12.2 Audit

- (a) The Licensee must within 6 months after the date of the grant of this Licence, or within such other time as may be approved in writing by the Director General, submit a certificate to the Director General from an agreed independent auditor which shows:
 - (i) that the Safety and Operating Plan meets all relevant quality management and safety standards and the requirements of Schedule 2.
 - (ii) a summary schedule of all proposed tests, inspections, procedures, standards and maintenance measures contained in the Safety and Operating Plan.
- (b) The Licensee must thereafter have the Safety and Operating Plan audited in a manner, and at intervals agreed in writing by the Director General, which are consistent with the requirements of Schedule 2.
- (c) The Licensee must, within 3 months after the end of each interval, or within such other time as may be approved in writing by the Director General, submit the results of such audits, including any auditor's report and any certification, to the Director General.
- (d) The Director General may make reasonable directions in relation to any documents produced to the Director General pursuant to this condition, which must be complied with by the Licensee.

13. NOTICES

13.1 Addresses for notices

All notices, requirements, demands, consents or other communications to be given under this Licence must be in writing and will be valid and sufficient if posted in a prepaid envelope addressed to the following:

(a) if to the Director General or the Minister to:

Department of Energy 29 -57 Christie Street St. Leonards NSW 2065 (GPO Box 536)

(b) if to the Licensee to:

General Manager
East Australian Pipeline Limited
115 Canberra Avenue
Griffith, ACT 2603
(GPO Box 2179, Canberra ACT 2601)

or to such address as the relevant party may hereafter specify by notice in writing.

13.2 Service of Notices

All notices, requiests, requirements, demands, consents or other communications will be deemed to have been served on the fifth business day after posting.

13.3 Authorisation of Notices

Any notice, requirement, demand, consent or other communication signed by an officer of a party will be deemed to be duly given and authorised by that party for the purpose of this Licence.

14. CONFLICT

14.1 Application of Act

In the event of any inconsistency between the conditions of this Licence and the Act or Regulation, the Act or Regulation will prevail to the extent of such inconsistency.

14.2 Application of conditions

In the event of any inconsistency between the conditions of this Licence and the Schedules or Annexures, the conditions of this Licence prevail to the extent of such inconsistency.

14.3 Disputes

Where, in respect of any land or part of any land comprised in the Licence Area, which now is or later becomes comprised in another Licence Area, any difference or dispute arises between the Licensees of the respective Licence Areas, the Licensees of the respective Licence Areas or any one or more of them may refer the matter for determination by the Minister. The Minister's determination will be final.

15. GENERAL

15.1 Stamping of Licence

The Licensee is responsible and liable for the stamping of this Licence by the Office of State Revenue.

15.2 Delays and Waivers

- (a) No failure or delay on the part of any party in the execution of any right, power or remedy hereunder will operate as a waiver thereof nor will any exercise of such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.
- (b) No waiver, whether express or implied, of any breach of any condition of this Licence may be construed as a waiver of any subsequent breach of that or any other condition whether of the same or of a different nature.

15.3 Invalid conditions

If any condition, or any part thereof (in this condition called the "offending condition") in this Licence is for any reason whatsoever declared to be or becomes unenforceable, invalid or illegal, including, but without derogating from the generality of the foregoing, by a decision of any court, an Act of Parliament or any statutory by-law or regulation or any other requirement having the force of law, the remaining conditions of this Licence will remain in full force and effect as if this Licence had been granted without the offending condition appearing therein.

16. VARIATION OF CONDITIONS

The Minister may, with the agreement of the Licensee, vary, suspend or remove any of the conditions to which this Licence is subject, or may include additional conditions.

SCHEDULE 1

DESCRIPTION OF PIPELINE

1. Route

The pipeline is approximately 1142 kilometres in length extending from the Queensland/New South Wales border within Sturt National Park to Wilton, as indicated on Deposited Plan 499002, registered at the Land Titles Office Sydney.

2. Pipeline system summary.

PIPELINE SYSTEM SUMMARY LICENCE No. 16

Construction commenced Pipeline commissioned Pipeline length (NSW) Diameter mm Wall thickness mm Grade of steel Coating Lining Design pressure (max) Operating pressure (max) Code for construction operating etc Design capacity Steel pipe specification Coating specification Flange & fitting specification Filter separator specification Valve specification Cathodic protection specification Offtakes	1974 1976 1142km 864 8.3, 9.2, 13.3 API 5L X65 coal tar enamel, asbestos wrap epoxy paint 6895kPa 6378kPa AS2885 770 TJ/day API 5L, as amended AS 1518 ASME B16.5, as amended AS 1210, as amended API 6D, as amended API 6D, as amended AS 2832.1 Young, Dalton, Blakney Ck (Yass) (POTS) Marsden (POTS), Marulan, Goulburn, Moss Vale, Bowral Wilton, Boorowra (POTS)
	Bargo (POTS), Sally's Corner (POTS)

3. Condition of the Pipeline

The Licensee certifies that appropriate corrective actions have been taken wherever required in respect of deformities such as dents, metal loss and the girth weld dents detected by the British Gas OIL tool to the best of the company's knowledge and satisfaction and believes that the pipeline is fit for its purpose for a period in excess of 21 years from the date of grant of Licence.

SCHEDULE 2

SAFETY AND OPERATING PLAN

1. CONTENT OF PLAN

A Safety and Operating Plan must include, (as relevant) but need not be limited to, the following:

- (a) A description of the pipeline system and its operation including suitable maps showing route of the pipeline and the location of the associated facilities such as compressor stations, Supervisory Control and Data Acquisition (SCADA) centres, transmission towers, cathodic protection points, valve stations, metering points, launching and receiving stations etc.
- (b) A Hazard Analysis which includes:
 - a systematic identification of hazardous events and their potential causes;
 - the consequences (in qualitative terms) of such events; and
 - the proposed operational, maintenance, and organisational safeguards that would prevent such hazardous events from occurring or should they occur, that would protect the pipeline, the associated equipment, operating personnel, community and the environment.

This analysis, in case of new pipelines should also take into account the hazards during the construction phase. Depending on location, certain sections of the pipeline may require a quantitative risk assessment.

The operational and maintenance safeguards must include a maintenance schedule indicating the type and frequency of inspections, coating surveys, checks on cathodic protection devices and pigging of the pipeline.

c) Site-specific Emergency Procedures including recovery planning that should deal with on-site emergencies but must consider the extent of possible off-site effects. The type of emergencies considered must include fire, explosion, leak, natural and impact events and civil disturbances and the response actions must be detailed, clear and easy to implement.

2. OUTCOME OF PLAN

The Safety and Operating Plan must clearly demonstrate that the Licensee:

- (a) has identified potential hazards associated with a pipeline;
- (b) has taken all reasonable and necessary steps (usually in accordance with relevant standards or inquiry to eliminate or minimise hazards);

- (c) has prepared emergency procedures (and tested them in case of existing pipelines);
- (d) has prepared a construction safety plan (where relevant); and
- (e) has prepared a timetable for having the Safety and Operating Plan audited by independent auditors at suitable intervals.

3. AUDITING

The Safety and Operating Plan will be audited by an independent auditor engaged by the Licensee pursuant to condition 12.2 of the Licence, who:

- has appropriate skills and experience;
- is able to understand the processes and operations of the facility; and
- is able to make independent observations without preconceptions.

The purpose of auditing is:

- to check that the measures indicated in the Hazard Analysis to minimise the hazard, are in place;
- to test the preparedness of personnel to comply with the Emergency Procedures;
- to review the Safety and Operating Plan document for adequacy and appropriateness with a view to further improve the system and to account for any changes in the system since preparation of the last audit.

The essential principles of a Safety and Operating Plan audit would be:

- that it be systematic and comprehensive;
- that it be independent;
- that it be site-specific;
- that it review documentation systems;
- that it focus on changes that have occurred since preparation of the Safety and Operating Plan or the last audit whichever is applicable;
- that it presents opportunities for further improvement; and
- that its results are accepted and implemented by management.

Attachment 2 – Project Location

