

19 April 2007

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**BY EMAIL: Ross.Calvert@accg.gov.au**

Mr Ross Calvert  
Australian Competition and Consumer Commission

Dear Mr Calvert

### **Questions of 11 April 2007**

We refer to your email of 11 April 2007 listing the outstanding questions in relation to the Dawson Valley Pipeline (**DVP**) following the teleconference between Anglo, GHD and the Australian Competition and Consumer Commission.

We have addressed each of your questions below in the order in which they were asked.

#### *Question 6*

1. Anglo confirms that the MAOP of the DVP is limited to approximately 11.5 – 12 MPag.
2. We are instructed that the constraints on the MAOP are the design pressure of the discharge pulsation bottles and the design pressure of the discharge coolers on the existing compressors at both the Dawson and Moura compression stations. Both the discharge pulsation bottles and the discharge coolers have a design pressure of 12750 kPag. As a pipeline is generally operated within 90% of its design pressure to avoid lifting the relief valves, this results in a present MAOP of the DVP of 11.5 – 12 MPag.
3. To operate the DVP at 14.6 MPag, both the compressors and the TEG units would need to have a design pressure of 16.2 MPag. This design pressure will push the compressors and TEG units into 1500# piping and consequently, these units will need to be replaced in order to operate the DVP at 14.6 MPag. In addition, the current compressors are only three stage compressors and struggle with high discharge temperatures due to the high compression ratio on each stage. Any rise in the operating pressure will result in higher discharge temperatures. GHD has recommended that any replacement compressors be 4 stage units.
4. We are instructed that GHD considers that the replacement of the Dawson compression station to allow the DVP to operate at 14.6 MPag would cost approximately \$9 million. We are also instructed that GHD considers that the replacement of the Moura compression station would cost an additional \$5.5 million.

*Questions 7 and 8*

5. Anglo reiterates that it considers two hours to be a reasonable notice period for the commencement of an Operational Flow Order.
6. In relation to clause 16(e), although Anglo Coal has a right to interrupt supply if a User does not comply with an Operational Flow Order, Anglo Coal will only interrupt supply in the following more limited circumstances:
  - (a) a situation requiring the issuance of an Operational Flow Order exists i.e. where in Anglo Coal's reasonable opinion a User's expected receipts or deliveries of Natural Gas will:
    - (i) cause adverse operating conditions on the DVP (clause 3.3(a) of the standard terms and conditions);
    - (ii) not accommodate capacity limitations resulting from events or circumstances which endanger the safety or integrity of the DVP (clause 3.3(b) of the standard terms and conditions);
    - (iii) adversely affect Anglo Coal's ability to meet its other Service commitments (clause 3.3(c) of the standard terms and conditions); or
    - (iv) adversely affect Imbalances under the User's Service Agreement (clause 3.3(a) of the standard terms and conditions);
  - (b) the User has not complied with the Operational Flow Order; and
  - (c) Anglo Coal considers that it is necessary to ensure the integrity of Services or the safety or integrity of the DVP.

*Question 11*

7. Anglo confirms that the joint coating is yellow jacketed sleeve. Two tape double wrap is used on the DVP but only for repairs.

*Question 12*

8. Anglo does not have any direct reports or analysis which allows it to make specific statements in relation to the condition of the joint coating of the DVP. Anglo is aware that the equipment which maintains the joint coating is and has always operated effectively and efficiently.

*Question 13*

9. The Cathodic Protection Report was provided by email on 12 April 2007.

*Question 14*

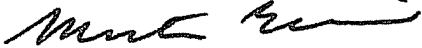
10. The Dawson Valley Pipeline's pipeline licence (PPL26) requires an intelligent pig run to be carried out within five years of the completion of the pipeline and thereafter at intervals as agreed between the licensee and the State Mining Engineer. It does not mandate that intelligent pig runs be conducted at any particular interval.

11. Anglo understands that Origin applied to the Minister for a dispensation of the pigging requirement (see **attached** letter) but is not aware whether and on what terms the dispensation was granted. Anglo is in the process of making enquiries in relation to the dispensation and will advise the ACCC once it has further information.

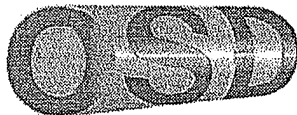
If you have any queries, please contact Margaret Brown on (07) 3119 6388.

Yours faithfully

**MINTER ELLISON**



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## Energy Services

### Oil, Gas & Power

Project Services  
Advisory Services  
Independent Engineering  
Project Engineering  
Project Management  
Project Developers

8 April 2003

Rod Trubshaw  
Senior Operations Engineer  
Oil Company of Australia Limited  
GPO Box 148  
BRISBANE QLD 4001

### **RE: Pipeline Licence No 26 Pigging Dispensation**

Dear Rod

With regard to the relaxation of the licence requirement for intelligent pigging within five years of completion of the pipeline, a change in the conditions will require approval by the Minister. OSD will prepare a letter for OCA to the Minister requesting a change to the licence conditions. The intention is to have a reasonably brief letter for the Minister, backed up with the relevant data for his staff to review if they require to review it.

The letter will include:

- A reference to the non-criticality of the pipeline with regard to gas supply to Queensland markets.
- Track record of corrosion monitoring
- Pipeline location with regard to safety
- Meeting requirements of AS2885 with regard to construction documentation and operations documentation
- A commitment to DNR&M that an intelligent pig run will be carried out at year 10 in the life of the pipeline

We suggest that the inclusion of a commitment to pig at year 10 will be very important to our case.

It should be noted that pigging dispensation applications for the EPIC, Agility and Duke Pipelines have been unsuccessful. The Santos oil leak may further weaken our case. It is felt that because this is pipeline is non-critical to the state infrastructure that a dispensation may be allowed.

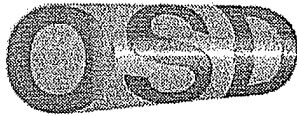
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1999  
DNR&M audit?  
+ full compliance?



## Energy Services

We need to be able to demonstrate that the pipeline is being operated according to the licence, but more importantly that the records are assessable. To this extent we would like to review the following documents and extract the relevant data for the summary letter to the minister.

It is necessary that the associated records are referenced to:

- 6 monthly DNR&M reports
- Risk management plans
- Over the trench coating surveys
- Monitoring of ROW records
- Landowner contact records
- Gas quality including dehydration
- CP records
- Gas flow rates and pressures records
- Safety Management Plans
- Design Basis
- Leak detection and/or operating philosophy
- Failure shutdown system
- Dig up records
- Modifications to pipeline records

We would also like to review the original material and construction records to ensure that they are being maintained so that a statement can be made to this effect. We have reviewed the list of documents you have provided but have had great difficulty in identifying the files to which we would like to have access. The attached list of files is taken from your filing index but we would like to see some current operations data which does not appear in your list.



Energy Services

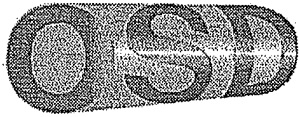
I will call you to discuss the best way for this data to be made available.

Yours sincerely  
**OSD Energy Services**

**Brian O'Sullivan**  
Manager

Per  
**Colin Bristow**  
Senior Pipeline Engineer

: John Lee }  
: Partia }



Energy Services

## FILES REQUIRED FOR REVIEW BY OSD

- 6.2.4 Equipment – Inspection, Testing, Maintenance
  - 6.2.4.1 CS – Safety System
  
- 6.2.5 Pipeline – Inspection, Testing, Maintenance
  - 6.2.5.1 Cathodic Protection
  - 6.2.5.2 DME Reporting
  - 6.2.5.3 ROW Inspections
  
- 6.5 Health, Safety, Environmental
  - 6.5.1 EPA
  - 6.5.2 General
  - 6.5.3 Process Safety Management
  
- 7.5 Community
  - 7.5.1 ROW
  - 7.5.2 Landholder Issues
  
- 7.7 Design Data
  - Complete files
  
- 7.8 SOH
  - Complete files
  
- 7.17 Miscellaneous
  - 7.17.1 Operators Manuals
  - 7.17.2 Operator Training
  
- 7.18 Quality Assurance
  - 7.18.1 Pipeline