



## *Shell sues Woodside over \$86m oil platform clean-up*

The Australian

May 31, 2024 Friday

Australian Edition

Copyright 2024 Nationwide News Pty Limited All Rights Reserved

**Section:** BUSINESS; Pg. 19

**Length:** 582 words

**Byline:** Cameron England

### **Body**

---

Energy giant ***Shell*** is suing Woodside Energy and Paladin Resources for \$86.6m for the clean-up bill for the Northern Endeavour ***oil*** platform, saying it struck agreements almost two decades ago which absolved it of any responsibility to pay for remediation costs.

The question of who should pay to remediate Northern Endeavour, on Western Australia's North West Shelf, and abandoned ***oil*** and ***gas*** projects more broadly, prompted the Morrison government to introduce new laws to protect taxpayers from having to foot the bill, should operators not be able to meet their obligations.

Woodside had sold the platform to junior operator Timor Sea ***Oil*** and ***Gas*** Australia (TSOGA) in July 2015. The junior operator was forced to shut down production over a safety issue and subsequently went into voluntary administration.

There were fears the federal government would have to step in and bear the cost of the clean-up, with the Morrison government at one point floating the idea of a \$250m-plus industry levy to pay for it.

Instead new rules around trailing liability provisions were introduced. These could slug former owners of the licence areas with the bills, thereby putting the onus on them to do adequate due diligence should the assets change hands.

"The trailing liability provisions will be an action of last resort when all other safeguards have been exhausted and will reduce the risk that the financial costs of decommissioning will be left to Australian taxpayers," the then-resources minister Keith Pitt said at the time.

"It also sets the expectation that sellers will undertake appropriate due diligence before selling assets, titles and infrastructure, so they can avoid being called back to decommission and remediate title areas." The exploration permit in the current matter was granted to Woodside, ***Shell*** and BHP Billiton Petroleum in 1997, with Woodside owning a half-share and the other two companies one-quarter each.

## Shell sues Woodside over \$86m oil platform clean-up

Production from the Laminaria and Corallina oilfields began in 1999. The writ filed with Western Australia's Supreme Court says **Shell** then sold two-thirds of its interest to Woodside in March 2005, and one-third to British company Paladin.

**Shell** says in its claim that the agreement with each company "expressly provided ... that Woodside/Paladin is liable for all environmental, abandonment, re-claim-ation, remediation and restoration claims".

The claim says following the failure of TSOGA, neither that company nor its liquidator made any efforts to remediate the platform.

"Thereafter the Commonwealth has commenced the process of decommissioning the Northern Endeavour and seabed infrastructure," the claim says.

**Shell** says it received notices of assessment in January 2023 and 2024, for \$42.3m and \$44.3m respectively, but says Woodside and Paladin are liable for those payments under the agreements struck in 2005.

**Shell** says it wrote to both companies in February last year and March this year, but Woodside denied liability for both payments via letter, while Paladin also refused to pay.

**Shell** is seeking the \$86.6m in accrued payments to date, and "A declaration that Woodside/Paladin must indemnify **Shell** for, and hold it harmless against, any or all of the amounts for which **Shell** is in the future held to be liable to the Australian Taxation Office under the Offshore Petroleum Levy Act, plus all costs reasonably incurred by **Shell** with respect to that liability, including legal costs of and associated with this action." Woodside has been contacted for comment.

**Load-Date:** May 30, 2024