OFFSHORE OIL SPILL AS LIABLE MARINE POLLUTION BY INTERNATIONAL LAW OF THE SEA (CASE STUDY ON MONTARA OIL SPILL BY THE PTTEP OVER TIMOR SEA)

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Abstract
Notwithstanding the case for the oil spill, international laws of the Sea regarding marine pollution are a few environmental regulations that the UNCLOS and other treaties mandated to countries, companies, and individuals. In this paper, the analysis will be on the case of the Montara Oil Spill, how it is regulated in the common practice of public international law, and how the case was undertaken ever since the spillage occurred. The result would imply how the case can be further rationalized and resolved in hopes of better describing how such liabilities come into play. Also, however, Australia has done her responsibility independently. Therefore, this paper's arguments and claims were constructed through secondary sources such as reports and legal approaches through appropriate regulations concerning the subject matter.

Keywords: Marine Pollution, Oil Spill, Liability in Laws of the Sea.

1. Background
The Montara Case was (and still is) a disastrous moment that surpasses national boundaries, affecting surrounding shores of 3 countries, namely Australia, Indonesia, and East Timor. Not to mention, Australian reports argue that it was the worst disaster that ever...
happened to Australia. What catches the author’s interest is that the case is extremely trans-boundaries, involving at least 3 countries (arguably 4) to take part.

The spill in the Timor Sea was one of Australia’s worst environmental disasters, with thousands of seaweed farmers claiming it destroyed their livelihoods. To quote from Ben Doherty, writing for The Guardian, wrote:¹

“One morning in September 2009 it was there, coating Daniel Sanda’s modest seaweed farm on the Indonesian island of Rote: a dark sheen across the water, waxy yellow-grey blocks floating in the sea. Within days, the crop his family depended on for its livelihood turned white and died. It has still not fully recovered. The oil came swiftly, but Sanda’s fight for justice has been grudgingly slow.”

In 2010 an Australian government inquiry found that the Montara oil spill was no misfortune, but the result of corporate neglect: “an accident waiting to happen”. The resulting slick killed seaweed crops, destroyed fishing grounds and polluted waters over more than 90,000 km², an area larger than Tasmania. Nevertheless, the leak has affected the environment and the blue economy tremendous loss. In the rise of such industry, United Nation Convention on the Law of the Sea has played a major role in reference to solve such case.²

Beside regulations on sovereignty at sea, in major we can find UNCLOS has repeatedly regulated the protection and preservation of the marine environment. Many of those have also, as unique, repeatedly emphasized cooperation between countries regionally, even globally. This characteristic is then what has made UNCLOS a great prospect for settling the dispute over the oil spill case. Also an important notice is that chapter 12, also can be found in other places in, of this convention has laid out the case for responsibility and liability on marine pollutions and how it is to be handled.

Another important aspect of the convention is how the convention has straightforwardly outlined the framework for properness in responsibility and liability. On August 3rd 2016 Maurice Blackburn filed a class action in the Federal Court of Australia arising out of a major blowout at the Montara Wellhead Platform. Under the class action, compensation was sought as financial loss and property damage suffered by the Indonesian seaweed farmers who’s allegedly have been caused by the Montara Wellhead Platform oil spill.³ The convention also gave much freedom by what platform to settle the dispute.

Maurice Blackburn Lawyers, who represented the claimants in the class action, described the decision as “victory for over 15,000 Indonesian seaweed farmers” who say their livelihoods have been very much devastated by the spill. Ben Slade as a class action principal at Maurice Blackburn, said that this decision returned attention to main problems in the case, which as wrongdoing and compensation. “This win today means we can get on with the real business of securing appropriate redress for the thousands of Indonesian seaweed farmers who have had their lives severely impacted by the oil spill,” said Mr Slade.⁴

Nota bene, even with the Australian government rulings, the PTTEPAA has not yet to slide any compensation for the seaweed farmers, namely Mr. Daniel Sanda and others.

² (Doherty, 2022)op.cit
With all that being said, marine pollution from such platforms needs further specific regulations, regionally and globally. Reminding that the spillage has occurred in Timor Sea, there is little to be found treaties regulating the region in a regional/multilateral sense, hinting signs of vacuum of law. In the case for the case a quo, many also argue that the world is in need of a more specified global regulation concerning responsibility and liability of such marine activities. However, the world today is still dependent on offshore drilled crude oils since they contribute for the most global stock of oil. Will the international community highlight such issue if further activities as such will continue to undergo?

2. Introduction
On 3 August 2016, Daniel Sanda, an Indonesian seaweed farmer, filed a class action lawsuit in the Federal Court of Australia representing approximately 15,000 farmers, against PTTEP Australasia (PTTEPAA), a subsidiary of a Thai state-owned company. The claim refers to a 2009 blowout at an oil well at the Montara Wellhead Platform in Australia, operated by PTTEPAA, which released thousands of liters of oil and gas into the Timor Sea for about 74 days.5

Alleging that the spill significantly hindered what was otherwise a highly lucrative seaweed farming industry, the plaintiff claims for the immediate destruction of seaweeds caused by the spill, as well as the following decline in production caused by the pollution, leading to economic life baseline. They allege that PTTEPAA, as the operator company of the Montara platform, have to with good reason foreseen the risk of harm to property and businesses from such accident, and from the use of dispersants to handle the effects of the oil spill.6

In 2010, the Montara Commission of Inquiry, established by the Australian Government to investigate the incident, assessed that the blowout occurred largely due to the company’s negligence regarding the maintenance of the well. The company pleaded guilty to several breaches of safety regulations. Its operations at Montara continue to this day, although the Australian Government refused permission to drill a new production well planned in Montara.7

On 19 March 2021, the Federal Court found that the Montara oil spill had travelled into Indonesian waters and destroyed the seaweed crops. It added that PTTEPAA had breached its duty of care to the farmers by not sealing the well properly. The Court ordered the company to pay the lead plaintiff, Daniel Sanda, 252 million rupiah (approx. USD 17,500) in damages for his losses between 2009 and 2014, and is assessing how many other seaweed farmers are entitled to compensation.8

3. Research Method
This research is a normative legal research that aims to discover legal principles, legal doctrines, and legal theories to solve existing legal issues. The technique of collecting legal materials used in this research is literature review, which involves collecting information from legal regulations, books, official documents, publications, and studies. The research process involves using secondary data obtained from literature studies. The collected data is then analyzed qualitatively, based on the value, quality, and condition of the data obtained. The focus of this qualitative research is on the data collection process and the significance of the

6 (Business & Human Rights Resource Centre)loc. cit
7 (Ibid)
8 (Ibid)
results. The approach used in this study is the statute approach, which involves looking at all legal regulations related to the legal issues under study. Additionally, a conceptual approach is used, which differs from the views and doctrines that have developed in the field of law.

4. Results And Discussion

4.1 Result

Marine Pollution

Marine pollution occurs when substances used or spread by humans, such as industrial, agricultural and residential waste, particles, noise, excess carbon dioxide or invasive organisms enter the ocean and cause harmful effects there. The majority of this waste comes from land-based activity, although marine transportation in good quantity contributes as well. Since most inputs come from land, either through rivers, sewage or the atmosphere, it means that the continental shelves are more vulnerable to pollution. Air pollution is also contributing by the carriage iron, carbonic acid, nitrogen, silicon, sulfur, pesticides or dusts into the ocean. The pollution often comes from nonpoint sources such as agricultural runoff, wind-blown debris, and dusts. These nonpoint sources were largely due to runoffs that enter the sea through rivers, while wind-blown debris and dust can also play some role, as these pollutants can settle into waterways and oceans. Pathways of pollution included direct discharge, land runoff, ship pollution, atmospheric pollution and also deep sea mining.  

The International Seabed Authority (ISA) is an autonomous international organization established under the 1982 United Nations Convention on the Law of the Sea (UNCLOS) and the 1994 Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea (1994 Agreement). ISA organizes through States Parties to UNCLOS organizing and control all mineral-resources-related activities in the Area for the benefit of mankind holistically. In doing so, ISA has the mandate to ensure the effective protection of the marine environment from harmful effects that can arise from deep-seabed related conducts. In alignment with article 156 (2) of UNCLOS, all States Parties to UNCLOS are ipso facto members of ISA. Per 1 May 2020, ISA has 168 members, including 167 member States and the EU. The Area and its resources are the ‘common heritage of mankind’. The Area covers about 54% of the total area of the world’s oceans.

Oil spills

There can be found several conventions regulating the activities of oil platforms with their responsibility and liability for their negligence/accidents. The main treaty for regulating any subject surrounding marine activities and it’s delimitations is of course UNCLOS for it being the most comprehensive treaty archived by the International Maritime Organization (IMO). But, UNCLOS 1982 did not give a proper contextual definition, and discussion of what oil is or even their spill/spillage. We can find one of the earliest documents regulating such substance as in the Annexes of International Convention for the Prevention of Pollution from Ships (MARPOL) of 1973, which states that;  

“Oil means petroleum in any form including crude oil, fuel oil, sludge, oil refuse and refined products (other than those petrochemicals which are subject to the provisions of Annex II of the present Convention) and, without limiting the

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generality of the foregoing, includes the substances listed in appendix I to this Annex.”

Remembering that litigations on the case has only occurred in Australia’s jurisdiction of litigation, it is also a good measure to take into account of their justice court decisions.

**Liability in the Law of the Sea**

The notion of sponsorship is an important element for the exploration and exploitation of resources in ‘the Area’. Enterprises and, associated with the Authority, States Parties, or state enterprises or natural or juridical persons can engage in activities in the Area. However, Natural and juridical persons must in compliance of two requirements to legally engage activities in the Area:

1) ‘they must be either nationals of a State Party or effectively controlled by it or its nationals’, and
2) ‘they must be “sponsored by such States”’.

The requirement of sponsorship similarly applied to state enterprises. States Parties themselves engaged in deep seabed mining hence are bounded by the obligations settled in UNCLOS and doesn’t need sponsorship. The sponsorship requirement’s crucial, for it creates necessary nexus between the international legal treaty only binding on the States Parties and the domestic legal systems, which the Enterprises are subjects of. The nexus between States Parties and subjects of domestic law consists of the nationality and effective control, requiring all contractors and applicants for contracts to ‘secure and maintain the sponsorship of the State or States of which they are nationals. If another State or its nationals exercises effective control, the sponsorship of that State is also necessary.’ All sponsoring States are in such situations in joint and several liable, if not otherwise provided in ISA regulations. In their advisory opinion, the Tribunal sets forth system and different sources of liability as stated in UNCLOS:

1) rules concerning the liability of State Parties (article 139, paragraph 2, first sentence),
2) rules concerning sponsoring State liability (article 139, paragraph 2, second sentence), and
3) rules concerning the liability of the contractor and the Authority (referred to in Annex III, article 22).

The United Nations Convention on the Law of the Sea (UNCLOS) places responsibilities and duties on the State that supports contractors or individuals applying for contracts to explore and exploit resources in the designated maritime zones. The involved parties have specific obligations referred to as "direct obligations." The main direct commitments of the sponsoring States include:

> "the obligation to assist the Authority in the exercise of control over activities in the Area; the obligation to apply a precautionary approach; the obligation to apply best environmental practices; the obligation to take measures to ensure the provision of guarantees in the event of an emergency order by the Authority for protection of the marine environment; the obligation to ensure the availability of recourse for compensation in respect of damage caused by pollution; and the obligation to conduct environmental impact assessments."

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12 ‘the Area’ refers to seabeds.
According to UNCLOS, contractors seeking to engage in deep seabed mining must first obtain and maintain the sponsorship of a State, as explained earlier. Sponsorship allows domestic legal entities to comply with the obligations imposed exclusively on State Parties by UNCLOS, as well as with the relevant rules and policies of the International Seabed Authority (ISA). Due to limitations in enforcing contractor duties through administrative actions and contracts, the sponsoring State is required to establish laws, regulations, and administrative procedures. This is necessary because entities other than the parties involved in the contract cannot enforce duties against the sponsoring State, and there is generally a lack of contract transparency, making it challenging for the public to assess the sponsoring State's compliance. A formal sponsorship agreement between the contractor and the sponsoring State is not obligatory, and its submission to the ISA or public disclosure, as outlined in Annex III of UNCLOS and ISA regulations, is not required. The sole obligation for the sponsoring State is to submit a certificate of sponsorship to the ISA, indicating its assumption of responsibility in accordance with specific articles and provisions of UNCLOS.15

4.2 Discussion
Sea in the Layout for UNCLOS

In discussing liability for the Montara Oil Spill, it is best to discuss the form and system of liability and compensation in the law of the sea. UNCLOS 1982 in particular have not gave a clear framework for which legal subjects to lay out proper legal actions although international instances have been erected in alignment for such legal needs. As we will see in this discussion, the international community seems to be in need of a clear legal framework to further assess responsibilities and granting of compensatory prestige. But of course, discussion on marine pollution is unavoidable when discussing liability of the oil spill in Montara – remembering that UNCLOS and other international marine laws emphasize much on the principle that the sea as ‘heritage to mankind’.

That very principle is peculiar in characterizing the international law of the sea as its being which have a similar effect on the framework of responsibility in the regulations as so. Reading the convention clearly frames the parties that the sea cannot be treated just like any other tort subjects or even property to any party. The convention envisions responsibility that is not exclusive to a certain property but instead matters in the whole marine environment attached to every party and that responsibility attributes in continuity. This characteristic may have derived from the classical doctrine of *mare liberum*, adapted in a contrary sense in a manner so the parties to treat the sea as a living subject, principal *habitus* common to mankind so any activities and damages are not to be taken as mere particular negligence or any other breeches, but impending threats to ‘mother nature’ or the Sea.

It is obvious that the regulations did not diminish the object of conduct in the case discussed as specific in terms. In that manner, indeed UNCLOS gave a prospecting layout for assessing damages and it’s liability. Although, regulations and UNCLOS in particular somehow did not give a proper definition to subjectify such installations. It may not be the case if the convention attaches the definition of “ships” in the general sense. That being said, the international community still needs more specific treaties regarding the issue for mining, seabed activities, and problems surrounding these kinds of activities as the world has not come in to terms whether such sources are to be further exploited in the Area.

The Problem with Liability

A cursory review of national statutes indicates that sponsored parties in deep seabed mining are subject to fault-based responsibility. However, implementing fault-based

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15 (Svendsen, 2020)loc.cit
Responsibility at the national level poses challenges. Different nations define blame differently, leading to variations in the degree of fault required for accountability among sponsored parties from different countries. Moreover, countries have different rules regarding burden of proof, which affects the difficulty of establishing fault-based obligations for sponsored parties. Some nations have included indemnity clauses in their laws, but the enforceability of these clauses can be questionable in certain situations. This is because states have an obligation to exercise due diligence, and liability for damages may arise when there is a lack of government oversight or when a state is involved as a partner in a joint venture for deep seabed mining.\(^\text{16}\)

If a contractor fails to comply with obligations, the supporting State is not immediately held accountable. However, due to the inherent high risks associated with deep seabed mining operations, supporting States will ultimately be held responsible. The sponsoring States have the power to establish financial requirements for contractors and can increase these standards to minimize their own risks. It is crucial to prevent any harm or endangerment to the ecosystem in the Area, which is considered the shared heritage of humanity.\(^\text{17}\)

ITLOS has stated that sponsoring States have the authority to impose more stringent requirements on their contractors to protect the marine environment. Given the inherent risks associated with activities in the designated area, sponsoring States should enforce strict liability on their contractors for any pollution-related harm, ensuring prompt and substantial compensation. There is no compelling justification for contractors to adhere to a negligence standard when it comes to pollution damage in the area, as this would put affected parties and the environment at risk. The implementation of insurance can help internalize and partially offset the costs associated with such liability. The Norwegian Petroleum Act serves as a notable example, demonstrating that imposing significant obligations on licensees for petroleum-related pollution damage does not impede the interest of national and multinational companies in exploring and extracting oil and gas from the Norwegian Continental Shelf.\(^\text{18}\)

The Tribunal specifically identifies the International Seabed Authority (ISA), companies involved in deep seabed mining, other sea users, and Coastal States as potential claimants for compensation in cases of pollution harm in the Area. Regarding claims against the contractor (sponsored party), there are two possible outcomes. If the contractor has already paid the actual amount of damages, there is no further obligation for the supporting State to provide restoration. However, it is important to note that the term "actual amount of damages" may not necessarily encompass complete environmental restoration. There are situations where the contractor may not be responsible for covering environmental harm to the Area, such as when the activities were conducted faultlessly or due to the contractor's insolvency. As established earlier, the sponsoring State is not subject to strict liability standards. There is no residual liability for the sponsoring State, and it does not share joint or partial liability with the contractor, which is typically necessary when multiple parties contribute to the same damage in order to ensure full compensation. Consequently, there may be some "liability gaps" in cases where the contractor does not fully cover the cost of the damage. The fault-based liability limitation of the sponsoring States has resulted in at least three liability gaps being identified.\(^\text{19}\)

a. where a state takes all necessary and/or appropriate measures required by international law and the blameless actions of the contractor nevertheless cause environmental harm;

\(^{16}\) (Ibid)

\(^{17}\) (Ibid)

\(^{18}\) (Svendsen, 2020) loc. cit

\(^{19}\) (Ibid)
b. where a state takes the requisite necessary and/or appropriate measures and the private operator is blameworthy, but insolvent or its assets are beyond the reach of the sponsoring state; and  
c. where the sponsoring state has failed to take the required measures but there is no causal link with the environmental harm.

UNCLOS and the Regulations do not provide a specific definition or criteria for compensable damage or the conditions under which individuals or entities are eligible for such damages. However, the Tribunal has outlined a list of potential types of harm that may be considered, including damage to the marine environment, harm to the resources in the area that are considered part of the shared heritage of humanity, and harm to the area itself.

Sponsoring States and national legislation hold considerable responsibility in accurately determining the "actual amount of damages" due to the lack of clear guidance regarding compensable damage categories and the methods for calculating such damages. This also grants contractors the opportunity to select the most favorable forum for determining jurisdiction over their activities in the designated area. The perception of bias by contractors can influence sponsoring States to support more lenient national laws pertaining to liability, compensation, and environmental regulations, with the aim of gaining advantages from sponsoring contractors.  

**Setting-Out the case for Montara Oil Spill**

The problem with Montara is not only that the compensation from the case hasn’t been granted by Thailand or PTTEP in that matter, but the damage itself was not handled properly in abbreviation as so the effect lasted for an alarming rate of time. Crude oil is a very complex compound that in itself may unveil many other substances that may cause many unknown causes to the sea. The effect on East Timor Sea farmers is only a portion of all the possibilities that in theory may arise from the spillage.

Australian Maritime Safety Authority has sprayed dispersant to the area affected from September 5th to November 30th 2009. Note that this recovery was conducted independently by the Australian government, leading to the question, did the Indonesian and Australian authorities are even invested in commencing any further scientific investigation in the area as obligated by the convention? As it is known that the convention explicitly gave such responsibilities to so countries. In that sense, - although as the fact that can be said that Australia by doing so has done his independent responsibility – so Australia and Indonesia as a collective may be held negligible in failing to doing so. The principle of common heritage to mankind has made the convention to attribute the implication that the sea as the main legal subject to be protected and that has not been done by the parties involved.

5. Conclusion

The fact that the court has awarded granting of compensation for Mr. Sanda shows that the problem with compensation through the lens of positivism has been solved, but the fact that until this year the compensation has not been granted poses another issue. We can also see that through the course of the case, Indonesia has quite a small contribution to the problem. What can be anticipated is by the position of the Indonesian government to support its people to receive their rights as soon as possible. In this case, ITLOS should’ve been a better prospect regarding the case proceedings since, politically speaking, so court held a more effective position to the issue.

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20 (Ibid)  
As the problem with responsibility settled above, it is fair to state that the parties lacked reliability in upholding the convention. It should’ve been the parties’ goodwill to conduct a more holistic recovery to the damage done. It is also fair to say that the parties failed to uphold the principle of the sea as common heritage to mankind by their inaction. That also should be a reminder that the world is in an impending danger, in need of a more effective regulation regarding exploitation of resources and energy collecting in the area and elsewhere.

Thank-You Note

Writing an article involves various obstacles that cannot be overcome without the help, motivation, and guidance of many parties who have contributed to the completion of this article. Therefore, on this occasion, with respect and humility, the author would like to express sincere gratitude and the highest appreciation for the moral and material support provided by colleagues who have helped in writing this article, so that it can be completed and published successfully.

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