



AUSTRALIAN PETROLEUM NEWS

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Highlights

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Proposed Areas: 2011 Offshore Petroleum Exploration Acreage Release

The 2011 Acreage Release area nomination process is now complete. There was substantial interest and participation across all sectors of the industry.

Thank you to all organisations involved in this process.

A map outlining the areas that have been short listed for inclusion in the 2011 Acreage Release can be found at the end of this edition of Australian Petroleum News. Please note that the proposed areas and their boundaries have not been finalised and are subject to change.

It is anticipated that the Minister for Resources and Energy, the Hon Martin Ferguson AM MP, will announce the 2011 Offshore Petroleum Exploration Acreage Release at the annual Australian Petroleum Production and Exploration Association (APPEA) conference in Perth, Western Australia (10 to 13 April 2011).

Following the Minister's announcement, the 2011 Acreage Release website will be launched at www.petroleum-acreage.gov.au. This website contains release area details, including geological and prospectivity assessments, geoPDFs and information on available supporting data, Special Notices listing third party considerations, details of the offshore regulatory environment and Joint Authority expectations in relation to bidding and permit administration.

Please note, the nomination of an area (and potential short listing) does not guarantee its inclusion in the 2011 Acreage Release. All nominations are subjected to a rigorous assessment process by the Department of Resources, Energy and Tourism and Geoscience Australia. This assessment takes into account interest in previous releases in proposed areas; whether there is a new geoscientific story or a new market development that might generate the interest of potential bidders; any adverse impact on bidding for current offshore petroleum exploration acreage release areas; and international boundary negotiations.



Montara Commission of Inquiry Update

On 24 November 2010, the Commonwealth Minister for Resources and Energy released both the Report of the Montara Commission of Inquiry (Report) and the Commonwealth Government's draft response to the Report.

The Report contains eight chapters and 105 recommendations and 100 findings with wide-ranging implications for government, regulators and the offshore petroleum industry. The draft Commonwealth Government response proposes accepting 92 recommendations, noting 10, and not accepting three.

The Commonwealth Department of Resources, Energy and Tourism is leading a three-month comprehensive stakeholder and community consultation period in relation to the draft Commonwealth Government response, including a call for public submissions. The closing date for lodgement of submissions, either by mail or email, is 25 February 2011.

A copy of both the Report, the draft Government response and information on how to make a submission is available at the Commonwealth Department of Resources, Energy and Tourism's website: www.ret.gov.au/Department/responses/montara/Pages/MontaraInquiryResponse.aspx.

The Report recommendations also support the Australian Government's commitment to establish a single national offshore regulator for Commonwealth waters. Minister Ferguson announced the establishment of a national offshore regulator for Commonwealth waters by 1 January 2012. This commitment was in response to the recommendations of the Productivity Commission's (PC) Review of Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector.

To create a single national regulator the Australian Government will expand the functions of the existing National Offshore Petroleum Safety Authority (NOPSA) to include regulation of structural integrity, environment plans and day-to-day operations associated with petroleum activities in Commonwealth waters. The expanded authority – to be named the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA). The Australian Government will retain the Joint Authority concept in relation to titles matters, thereby ensuring that the states and territories have proper input into resources development issues in Commonwealth offshore areas, and will establish a National Offshore Petroleum Titles Administrator (NOPTA).

The Australian Government intends to ensure Australia's offshore petroleum industry is the best and safest in the world, and will continue to keep industry informed of developments as these regulatory reforms proceed.

Revised Exploration Guidelines: Effective 1 January 2011

The national Offshore Petroleum Joint and Designated Authorities have undertaken a review of, and revised, the offshore petroleum exploration guidelines. Revised guidelines will be effective from 1 January 2011. Explorers should familiarise themselves with the revised guidelines prior to that time.

Changes include a plain English re-write of all exploration guidelines to provide a clearer and logical structure; ensuring new entrants to the industry are able to easily familiarise themselves with concepts and expectations of the Joint and Designated Authorities.

The updates also bring the guidelines into line with current Joint Authority expectation in relation to the content of applications for acreage release areas, exploration permit renewals, endorsements (i.e. work program commitment suspensions, extensions, and variations) and declaration of locations.

The following guidelines have been updated:

- Requirements of Bid and Renewal Applications (previously Applications for Exploration Areas)
- Assessment of Bid and Renewal Applications (previously Bid Assessment)
- Permit Conditions and Administration
- Declaration of Location
- Special Prospecting Authorities, Access Authorities and Scientific Investigations
- Fees and Registration

Please note that any applications currently with the Joint Authority will be assessed against the previous guidelines. All applications received from 1 January 2011 will be assessed against the revised guidelines.

The revised guidelines are available on the Department of Resources, Energy and Tourism's website at www.ret.gov.au/offshoreresourceslegislation.

Exploration Investment Opportunities

The second round of the 2010 Offshore Petroleum Exploration Acreage Release provides a number of investment opportunities for petroleum explorers, with work program bids invited until 4pm local standard time in the relevant jurisdiction on 12 May 2011. Available acreage is located in four regions offshore Western Australia: in the Rowley Sub-basin, the Beagle Sub-basin, the Exmouth Sub-basin and the Mentelle Basin.

The four areas on offer in the under-explored **Rowley Sub-basin** range in size from 76 to 99 graticular blocks (6080 km² to 7920km²) and sit in water of depths between 250m to 3000m. This sub-basin is adjacent to the proven Northern Carnarvon hydrocarbon province and an active petroleum system in the basin is suggested by a gas column interpreted in Phoenix 1 within the Bedout Sub-basin.

There are three areas available in the **Beagle Sub-basin** in the far Northern Carnarvon Basin. These mid-size areas are between 54 and 60 graticular blocks (4320 km² and 4800km²) and sit in water of depths between 150m to over 1000m at the north-western boundary. Exploration wells in the basin have identified sequences similar to the Dampier Sub-basin to the southwest.

Three smaller areas are on offer in the **Exmouth Sub-basin**; a sub-basin that is the southern most in a series of Jurassic depocentres that form the far Northern Carnarvon Basin, ranging from between 1 to 11 graticular blocks (80 km² to 880 km²). Oil production commenced in the Exmouth Sub-basin in 2006 and since 1993, 11 oil and gas accumulations of the productive 'Dingo-Barrow' petroleum system have been discovered to the east of the Release Areas. Area W10-23 includes the Falcone 1A gas discovery.

The largest single area on offer in 2010 is in the **Mentelle Basin** off southern Western Australia (167 graticular blocks or 13360 km²). Water depth in this frontier basin ranges from 500m to 3750m. The basin offers multiple potential source rock intervals in Permian, Jurassic and Cretaceous strata and petroleum systems modelling indicates potential for oil and gas accumulations at different stratigraphic levels across the basin. Detailed geological information and details on how to bid is available at www.petroleum-acreage.gov.au.

Re-release Acreage for Bidding

A number of areas from the second round of the 2009 and the first round of the 2010 Acreage Release have been re-released for industry consideration, with work program bids invited until 4pm local standard time in the relevant jurisdiction on 12 May 2011.

Exploration work in these areas may fulfil Good Standing Arrangement obligations, which have been entered into by a company following the cancellation or expiry in default of an exploration permit.

Two mid-sized areas have been re-released in the **Petrel Sub-basin** in the southern Bonaparte Basin (NT10-1 and W10-1). Four smaller areas are on offer in the **Dampier Sub-basin** of the far Northern Carnarvon Basin (W10-11, W10-12, W10-13, W10-15) and one smaller area in the **Barrow Sub-basin** of the far Northern Carnarvon Basin (W10-17).

Explorers should note that special relinquishment provisions apply to permits with six or fewer blocks to give the titleholder the maximum opportunity to explore the remaining small number of blocks. Permits with only one block cannot be renewed.

Summary of Areas Available for Bidding

Release/Round	Areas	Bid Closing Date
2010 Acreage Release Second Round	W10-3, W10-4, W10-5, W10-6, W10-7, W10-8, W10-9, W10-23, W10-24, W10-25 & W10-26	Bidding for all areas currently available closes at 4pm local standard time on Thursday 12 May 2011
2010 Acreage Release First Round Re-Release	NT10-1, W10-1, W10-11, W10-12, W10-13, W10-15 & W10-17	
2009 Acreage Release Second Round Re-Release	W09-17	

Further information on these areas, bid application requirements and a bid checklist can be found by visiting www.petroleum-acreage.gov.au.

Pre-competitive geological data associated with release areas may be available and industry is invited to contact Geoscience Australia, which offers secure access to the latest seismic and geological data supporting the Acreage Release. For bookings please email: biu@ga.gov.au or visit: <http://www.ga.gov.au/about-us/our-facilities/offshore-petroleum-acreage-release-data-room.html>

Award of Offshore Exploration Permits

Two new petroleum exploration permits resulting from the second round of the 2009 Acreage Release have been granted in the offshore Western Australian jurisdiction:

Permit	Basin	Area No	Date Granted	Successful Applicant(s)
WA-451-P	Carnarvon	W09-18	11 Nov 2010	Woodside Energy Ltd
WA-452-P	Carnarvon	W09-13	30 Nov 2010	Riverina Energy Ltd

WA-451-P (released as W09-18) in the Dampier Sub-basin, Carnarvon Basin off Western Australia has been awarded to Woodside Energy Ltd. The company proposed a guaranteed work program of 748km² 3D and 500km 2D seismic reprocessing, geotechnical studies and one exploration well with an estimated value of A\$19.44 million. The secondary work program consists of geotechnical studies, a further 500km 2D seismic reprocessing and one exploration well to an estimated value of A\$10.69 million. There was one other bid for this area.

WA-452-P (released as W09-13) in the Dampier Sub-basin, Carnarvon Basin off Western Australia has been awarded to Riverina Energy Ltd. The company proposed a guaranteed work program of 150km of 2D seismic reprocessing, 105km new 2D seismic surveying and geotechnical studies to an estimated value of A\$3.15 million. The secondary work program consists of one exploration well and geotechnical studies to an estimated value of A\$10.30 million. There were no other bids for this area.

Advertising Opportunity: 2011 Offshore Petroleum Exploration Acreage Release

Petroleum exploration support industries are invited to advertise products and services relevant to the shortlisted 2011 Offshore Petroleum Exploration Acreage Release areas in the acreage release information package.

As mentioned in the above article, it is anticipated that the 2011 Acreage Release will be launched by the Commonwealth Resources & Energy Minister at APPEA 2011 in April, with the product to be immediately available on-line. The 2010 information package can be found at:

www.petroleum-acreage.gov.au

The product will be distributed to interested parties, both domestically and internationally, including exploration companies in China, India, Japan, Korea, the USA, Canada, Europe and the UK.

Advertising is provided on a cost-recovery basis and is \$550 (GST inclusive) per A4 page. To take advantage of this opportunity, please e-mail petroleum.exploration@ret.gov.au for a supplier form. Please note that advertisements must be received no later than COB Friday 11 February 2011.

Geoscience Australia Website

Geoscience Australia launched its new website on 1 December 2010. The new-look website has increased accessibility to information and provides details on the various activities and projects underway in the organisation. The website address remains unchanged at www.ga.gov.au.

Public Consultation: Consolidation of Resource Management & Administration Regulations

The Department is seeking comments on the consultation draft of the Offshore Petroleum and Greenhouse Gas Storage (Resource Management and Administration) Regulations 2010 (the draft Regulations).

Public consultation commenced on 30 November 2010 and will run until 14 January 2011.

This final set of regulations incorporates a number of operational regulations and standing directions under the Offshore Petroleum and Greenhouse Gas Storage Act 2006, including those related to pipelines, well operations, data management, field development, the petroleum regulations of 1985 and the remaining operative clauses in the Schedule of Specific Requirements.

The consultation draft builds on the consultations undertaken throughout 2010 with government and industry, and following this additional consultation the draft regulations will be amended to reflect comments received, and will be finalised and come into force in early 2011.

For further information relating to the consultation including the draft regulations and an accompanying explanatory document, please go to http://www.ret.gov.au/resources/upstream_petroleum/offshore_petroleum_regulation_and_legislation/Pages/OffshorePetroleumRegulationandLegislation.aspx.

To discuss the draft regulations please contact Belinda Josey on 02 6213 7736.

Recent Offshore Petroleum Legislative Amendments Passed

The Offshore Petroleum and Greenhouse Gas Storage Legislation Amendment (Miscellaneous Measures) Bill 2010 and the Offshore Petroleum and Greenhouse Gas Storage (Safety Levies) Amendment Bill 2010 successfully passed by Commonwealth Parliament on 28 October 2010.

The bills under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* and *Offshore Petroleum and Greenhouse Gas Storage (Safety Levies) Act 2003* (Safety Levies Act) respectively received Royal Assent on 16 November 2010, and have now commenced as part of the Acts.

In essence, the bills reflect the Government's intention to strengthen the role of the National Offshore Petroleum Safety Authority; to make clarifications on how titleholder provisions apply where titles are held jointly by two or more titleholders (multiple titleholders); to make clear that a titleholder's responsibility under the occupational health and safety provisions of the Act is for wells (and not more broadly for facilities); and to make some technical amendments to achieve a more enforceable regulatory regime and to update the Act.

For links to both bills and explanatory documents to familiarise yourself with the changes, please go to:

Offshore Petroleum and Greenhouse Gas Storage Legislation Amendment (Miscellaneous Measures) Bill 2010:

<http://www.comlaw.gov.au/ComLaw/Legislation/Bills1.nsf/bills/bynumber/CD7165EEB2D0A2D5CA2577B2007CE7EF?OpenDocument&mostrecent=1> and

Offshore Petroleum and Greenhouse Gas Storage (Safety Levies) Amendment Bill 2010:

<http://www.comlaw.gov.au/ComLaw/Legislation/Bills1.nsf/bills/bynumber/308735866459C129CA2577B2007BE83F?OpenDocument&mostrecent=1>.

Promotion of Australian Offshore Petroleum Exploration Acreage

Representatives from the Department of Resources, Energy and Tourism and Geoscience Australia's Acreage Release teams will be available at the following events to discuss policy, bidding and technical aspects of the Australian offshore petroleum exploration acreage releases:

- NAPE 2011 (North American Prospect Expo) Houston, USA, 16-18 February 2011
- Annual APPEA Conference, Perth, 10-13 April 2011

Please visit the Australian Government booth if you are at these events.

We would also be happy to organise private meetings with companies in conjunction with these events or in Canberra, Australia at any time. Please contact the Manager - Exploration by e-mail: petroleum.exploration@ret.gov.au to arrange.

Offshore Minerals Website

The Department of Resources Energy and Tourism website now hosts a dedicated page relating to the Offshore Minerals Act 1994 (OMA). The OMA facilitates the exploration for, and extraction of, offshore mineral deposits in Commonwealth waters. The webpage contains information and links to legislation and regulation pertaining to offshore minerals, a point of contact for offshore minerals exploration, as well as advice for explorers considering applying for exploration licenses.

To access the webpage click on the following link:

<http://www.ret.gov.au/resources/mining/offshore-mining/Pages/default.aspx>.

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