



Australian Government
Department of Resources
Energy and Tourism

AUSTRALIAN PETROLEUM NEWS

JULY 2008

Award of a New Offshore Exploration Permit

A new offshore petroleum exploration permit in the offshore area of Western Australia has been granted. The work program commitments for the awarded permit are valued at A\$78.6 million over the next six years.

This new permit results from the first round of the 2007 Acreage Release that closed on 18 October 2007. All offshore exploration permits are jointly administered by the Australian Government and the respective State and Northern Territory Governments.

Exploration permits in Australia's offshore areas are awarded under a work program bidding system for an initial term of six years, with a maximum of two renewals each of five years. Under this system, applicants are required to nominate a guaranteed minimum 'dry hole' exploration program for each of the three years of the permit term and a secondary program for the remaining three years. Each component of the program must be completed in the designated year or earlier.

<u>Permit</u>	<u>Basin</u>	<u>Area No</u>	<u>Date Granted</u>	<u>Successful Applicant(s)</u>
WA-412-P	Carnarvon	W07-17	13 June 08	Japan Energy Corporation

WA-412-P (released as W07-17) in the Carnarvon Basin off Western Australia has been awarded to Japan Energy Corporation. The company proposed a guaranteed work program consisting of 500km² of new 3D seismic surveying, 700km of 2D seismic reprocessing, one exploration well and geotechnical studies, with an estimated value of \$44.6 million. The secondary work program consists of 200km² of new 3D seismic surveying, 1 exploration well and geotechnical studies, with an estimated value of \$34.0 million. There were no other bids for this area.

Nomination of Areas for the 2009 Offshore Acreage Release

As announced at the 2008 APPEA Conference, the Commonwealth and State/NT governments are calling for nominations from interested parties for vacant offshore areas to be considered for release in 2009.

Nominations are treated as "Commercial-in-Confidence", should be in writing, and be forwarded by **27 October 2008** to the relevant State/NT Department or the General Manager, Offshore Resources Branch, at the address below. Earlier nominations are welcomed as this will facilitate release area selection and finalisation.

While expressing interest does not guarantee inclusion in the release, all nominations are considered seriously and are subjected to a rigorous phase of assessment and short listing.

In considering which areas to release, we look at whether there is a new geoscientific story or a new market development that might generate the interest of potential bidders. We also look at synergies with other industry activities such as drilling programs, speculative survey proposals, and the Geoscience Australia research agenda.

The short listed areas proposed for release will be advised to industry around November/December, through the *Australian Petroleum News*.

Re-release of 2007 Areas

Six areas did not receive bids in the second bidding round of the 2007 Acreage Release that closed on 17 April 2008 and have been re-released at the discretion of the relevant Joint Authorities. An additional area from the first bidding round has also been re-released. See next item below for application closing dates for these areas. The areas are:

NT07 – 3
W07 – 19, 20 and 21
V07 – 2
AC07-3

The re-released areas are open to all interested bidders under the work program bidding system. The areas are also open for bidding by any company who wishes to fulfil its obligations under a good standing arrangement after cancellation of an exploration permit.

Summary of Areas Currently Available for Bidding

Release/round	Areas	Bid Closing Date
2008 Acreage Release, first closing round [17 areas]	AC08-1 to 8; W08-7 to 10 and 16 to 20	Thursday, 9 October 2008
Re-release of 2007 areas (from second closing round) [6 areas]	V07-2 NT07-3 W07-19, 20 and 21 AC07-3 (<i>from 1st closing round</i>)	Thursday, 9 October 2008

Further information on these areas and application requirements can be found by visiting this website: www.ret.gov.au/petexp or by requesting a free CD-ROM by e-mail: petroleum.exploration@ret.gov.au

Promotion of Australian Offshore Acreage

Representatives from RET and Geoscience Australia will be available at the Good Oil Conference to discuss policy and technical aspects of the 2008 Australian offshore acreage release.

Good Oil Conference Freemantle, WA, Australia 2-3 Sept 2008

Please visit the Australian Government's booth at the event.

We would be happy to organise private meetings with companies in conjunction with these events.

E-mail: petroleum.exploration@ret.gov.au .

Geoscience Australia News

New pre-competitive geophysical and geological data

Geoscience Australia plans to obtain extensive new pre-competitive geophysical and geological data for its Offshore Energy Security Program during 2008-09, at a cost of approximately \$17 million.

South west margin

Two major surveys are planned in the 2008/09 financial year in the Houtman, Abrolhos and Zeewyck sub-basins of the Perth Basin, the Mentelle Basin, the Wallaby Plateau and the southern Carnarvon Basin. The Wallaby Plateau is one of the areas of extended continental shelf now confirmed as part of Australia's marine jurisdiction by the United Nations Commission on the Limits of the Continental Shelf (UNCLOS).

The surveys include: a 80 - 90 day marine reconnaissance survey that aims to collect geological and geophysical (swath multibeam bathymetry, gravity, magnetic and sub-bottom profile data), biophysical data; and a seismic survey that will acquire up to 8000 km of industry-standard seismic reflection data, together with gravity, magnetic and seismic refraction data. Geological samples from the ocean floor at a series of targeted sites will also be collected.

An onshore component of the surveys will involve recording the offshore data source on portable seismic recorders. Acquiring the survey data will take about 50 days, followed by extensive processing.

Offshore Tasmania

In January-April 2008 an aeromagnetics survey was undertaken in offshore Tasmania as part of a National Geoscience Agreement between GA and Mineral Resources Tasmania. This survey has delivered new geophysical data to assist in structural mapping and the identification of igneous rocks in the frontier basins along Tasmania's west coast.

Remote Eastern Australia

Analysis of the seismic and other data is well advanced to assess the hydrocarbon potential of remote offshore frontier Capel, Faust and Fairway basins. The results of some of these studies will be presented at the Eastern Australian Basins Symposium in Sydney in September 2008.

New information storage

Geoscience Australia has acquired a robotic Archive and Data Delivery system which will benefit to both external clients and staff. The system is provided from the Offshore Energy Security Program funding and is described as being similar to a 21st century juke box. It supersedes the current data storage on a variety of media occupying several kilometres of shelf space.

The new system allows for more efficient and productive internal handling of data, provide better access to data for industry and other clients. This will enable very large quantities of data to be stored on low cost media and made available on demand. The system will have an initial capacity of two Petabytes of data on tape cartridges.

Retention Lease Policy Changes

A review into the policy on the management of retention leases has begun, with discussions with various industry bodies and company representatives. An options paper has been drafted in consultation with the States and Northern Territory, and will be released for public comment this month.

The purpose of the paper is to facilitate discussion on how the granting and renewal of retention leases can be improved, particularly with regard to transparency of administration and the application of the commerciality test, in a way which might have a positive impact on exploration and development in Australia.

The paper basically endorses the need for retention leases, and discusses options and makes tentative conclusions on how they might be better managed to ensure a balance between the need to encourage development and the protection of the rights of investors in exploration and development. It is important to ensure that retention leases provide certainty to investors as well as provide for the development of Australia's resources in a timely and efficient manner.

The options paper broadly covers a range of issues related to the structure and policy of retention leases. Areas explored included conditions of retention leases and work programs, third party contributions, transparency of information, treatment of commerciality in applications, and aspects of assessment by title and by project. A number of positions are proposed in the recommendations on these issues, and discussion is welcomed on these recommendations and other alternatives.

To receive a copy of the options paper for comment, please contact Belinda Josey on +61 2 6213 7736 or email belinda.josey@ret.gov.au

The Offshore Petroleum Act 2006 (OPA)

His Excellency the Governor-General in Council approved by Proclamation that 1 July 2008 as the day which sections 3 to 5 of the OPA commenced.

This means that the OPA and associated Acts are now operating and the *Petroleum (Submerged Lands) Act 1967* (PSLA) and associated Acts is now repealed.

The OPA and associated Acts are:

- *Offshore Petroleum Act 2006*;
- *Offshore Petroleum (Annual Fees) Act 2006*;
- *Offshore Petroleum (Registration Fees) Act 2006*;
- *Offshore Petroleum (Royalty) Act 2006*;
- *Offshore Petroleum (Safety Levies) Amendment Act 2006*;
- *Offshore Petroleum (Repeals and Consequential Amendments) Act 2006*;
- *Offshore Petroleum Amendment (Greater Sunrise) Act 2007*; and
- *Offshore Petroleum Amendment (Miscellaneous Measures) Act 2008*.

The OPA introduces a number of incidental minor policy changes. See paragraph 2 below for details.

1. The OPA and related Acts can be found on the **COMLAW** website (www.comlaw.gov.au). The direct link is <http://agsearch.ag.gov.au/clsearch/home?query=Offshore+Petroleum+Act&new=1>

2. The Explanatory Memorandum from 2005 can also be found on the **COMLAW** website. Click on the following link to access, [http://www.comlaw.gov.au/ComLaw/Legislation/Bills1.nsf/0/2366220473A80D97CA257030000A0DAF/\\$file/05098EM.pdf](http://www.comlaw.gov.au/ComLaw/Legislation/Bills1.nsf/0/2366220473A80D97CA257030000A0DAF/$file/05098EM.pdf)

Stakeholders should note that the Offshore Petroleum (Greenhouse Gas Storage) Amendment Bill 2008 has been introduced into the Parliament, see following item.

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Amendment to Offshore Petroleum Act to allow CO₂ Injection and Storage in Offshore Areas

Legislation to amend the OPA in relation to carbon dioxide injection and storage in Commonwealth waters was publicly released on 17 May 2008. The legislation provides for access and tenure and a system for managing potential interactions with the petroleum industry as well as ensuring that storage is safe and secure.

The draft legislation has been referred to the House of Representatives Standing Committee on Primary Industries and Resources which invited submissions and will make recommendations to the Government on the legislation. The legislation has also been referred by the Senate Selection of Bills Committee to the Standing Committee on Economics. The Senate Committee is currently seeking submissions by 15 August and will report its findings to the Senate on 16 October. The Government introduced the legislation into the House of Representatives on 18 June 2008.

The announcement of the release of the draft legislation by the Minister for Resources and Energy, the Hon Martin Ferguson MP, along with the draft legislation and supporting information is available from the Department of Resources, Energy and Tourism's website at www.ret.gov.au or from the Parliament House website www.aph.gov.au

IEA Carbon Capture and Storage Regulators' Network

To expedite the development of carbon dioxide capture and geological storage (CCS) as a viable climate change mitigation technology, regulations are under development in a number of countries. To help inform the development of legal and regulatory frameworks for CCS, the International Energy Agency (IEA) launched the International CCS Regulators' Network on 13-14 May 2008.

The Network aims to meet regularly to provide updates and exchange views on specific legal, regulatory, and policy issues associated with the deployment of CCS worldwide. To this end, it will host regular web conferences on specific legal and regulatory aspects of CCS. The IEA invites regulators and policy makers at the local, state/provincial, national and international levels to participate in this network. Industry, non-governmental and other organisations are also invited to participate as observers. More information can be found at www.iea.org/Textbase/work/workshopdetail.asp?WS_ID=361

Cessation of the Timor Sea Designated Authority and Commencement of the Timor-Leste National Petroleum Authority

On 30 June 2008 the Timor Sea Designated Authority (TSDA), as the body responsible for the day to day regulation of the Joint Petroleum Development Area (JPDA), ceased operations. Under the Timor Sea Treaty (TST) the Designated Authority function of the TSDA will continue its role but it will be operating within the newly formed Timor-Leste National Petroleum Authority. From early February to end June 2008 a small team of Departmental officers worked in Dili to build administrative capacity and assist the transition of the TSDA to the new Timor-Leste NPA.

The transition of the Designated Authority function into the NPA in no way affects the roles and responsibilities of the Designated Authority as provided for under the TST. Additionally this change does not affect the functioning of the TST Joint Commission, and the operation of the International Unitisation Agreement, and the Certain Maritime Arrangements in the Timor Sea agreements.

The creation of the NPA is a significant milestone for Timor-Leste. The NPA will provide for continued regulation of the JPDA, and enable Timor-Leste to more effectively promote petroleum opportunities, and regulate petroleum activities in its own waters and onshore.

Australian Petroleum Statistics

The April 2008 issue of *Australian Petroleum Statistics* is now available, containing statistics on petroleum production, refining, consumption, stocks, imports and exports. Subscriptions cost \$270/year or \$27 per issue. Copies can be obtained by contacting Ms Teresa Peczalski by Phone +61 2 6276 7797, E-mail: psims@ret.gov.au

Archived issues are now also available electronically.

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