



AUSTRALIAN PETROLEUM NEWS

July 2011

Highlights

- **New Exploration Permits Granted**
- **2012 Industry Area Nominations - closing 29 July 2011**
- **Exploration Investment Opportunities**
- **Offshore Petroleum Regulatory Reform Update**
- **Commencement of legislation and regulations to impose well levies**
- **Update on International Offshore Petroleum Regulators and Operators Summit**
- **Update on Australian Hydrographic Office Requirements**

New Exploration Permits Granted

On 8 July, Minister for Resources and Energy, Martin Ferguson AM MP, announced the award of ten new offshore exploration permits (detailed below). The grant of these permits follows assessment of the first round of the 2010 Acreage Release. Bids lodged in relation to the second round of the 2010 Acreage Release are under consideration by the Offshore Petroleum Joint Authority.

Summary of Granted Permits

WA-453-P (released as W10-16) in the Barrow Sub-basin of the Northern Carnarvon basin off Western Australia has been awarded to Apache Northwest Pty Ltd. The company proposes a guaranteed work program of 80 km² 3D seismic reprocessing and geotechnical studies to an estimated value of A\$0.7m. The secondary work program consists of an exploration well and geotechnical studies to an estimated value of A\$25.4m. There were no other bids for this area.

WA-454-P (released as W10-2) in the Joseph Bonaparte Gulf off Western Australia has been awarded to MEO Australia Limited. The company proposed a guaranteed work program of 300 km of new 2D seismic surveying, 750 km of 2D seismic data reprocessing, 400 km² of new 3D seismic surveying and geotechnical studies to an estimated value of A\$4.55m. The secondary work program consists of an exploration well and geotechnical studies to an estimated value of A\$20.5m. There was one other bid for this area.

WA-455-P (released as W10-18) in the Barrow Sub-basin of the Northern Carnarvon basin off Western Australia has been awarded to Chevron Barcoo Pty Ltd. The company proposes a guaranteed work program of 600 km of new 2D seismic surveying, one exploration well and geotechnical studies to an estimated value of A\$6.5m. The secondary work program consists of an exploration well and geotechnical studies to an estimated value of A\$4.5m. There were three other bids for this area.

WA-456-P (released as W10-19) in the Barrow Sub-basin of the Northern Carnarvon Basin off Western Australia has been awarded to Chevron Barcoo Pty Ltd. The company proposes a guaranteed work program of two exploration wells and geotechnical studies to an estimated value of A\$8.5m. The secondary work program consists of an exploration well and geotechnical studies to an estimated value of A\$4.5m. There were two other bids for this area.

WA-457-P (released as W10-14) in the Dampier Sub-basin of the Northern Carnarvon Basin off Western Australia has been awarded to Flow Energy Limited. The company proposed a guaranteed work program of 322 km² of new 3D seismic surveying, 403 km² 3D seismic reprocessing, 200 km 2D seismic reprocessing and geotechnical studies to an estimated value of A\$4.3m. The secondary work program consists of one exploration well and geotechnical studies to an estimated value of A\$22.8m. There were two other bids for this area.

WA-458-P (released as W10-10) in the Dampier Sub-basin of the Northern Carnarvon Basin off Western Australia has been awarded to Flow Energy Limited. The company proposed a guaranteed work program of 242 km² of new 3D seismic surveying, 335 km² 3D seismic reprocessing, 50 km 2D seismic reprocessing and geotechnical studies to an estimated value of A\$3.45m. The secondary work program consists of one exploration well and geotechnical studies to an estimated value of A\$22.8m. There were three other bids for this area.

AC/P54 (released as AC10-1) in the Vulcan Sub-basin of the Bonaparte Basin off Western Australia has been awarded to PTTEP Australasia (Ashmore Cartier) Pty Ltd. The company proposes a guaranteed work program of 300 km² of new 3D seismic surveying, an exploration well and geotechnical studies to an estimated value of A\$40.3m. The secondary work program consists of an exploration well, 300 km² 3D seismic reprocessing and geotechnical studies to an estimated value of A\$35.7m. There was one other bid for this area.

AC/P53 (released as AC10-2) in the Vulcan Sub-basin of the Bonaparte Basin off Western Australia has been awarded to MEO Australia Limited. The company proposes a guaranteed work program of 150 km of new 2D seismic surveying, 500 km² 3D seismic reprocessing and geotechnical studies to an estimated value of A\$0.85m. The secondary work program consists of an exploration well and geotechnical studies to an estimated value of A\$25.5m. There were no other bids for this area.

EPP41 (released as S10-1) straddling the Duntroon and Ceduna Sub-basins of the Bight Basin off South Australia has been awarded to Bight Petroleum Corp. The company proposes a guaranteed work program of 768 km² of new 3D seismic surveying, bathymetry survey, geochemical sampling survey, an exploration well and geotechnical studies to an estimated value of A\$63.625m. The secondary work program consists of 1969 km² of new 3D seismic surveying, two exploration wells and geotechnical studies to an estimated value of A\$156.2m. There was one other bid for this area.

EPP42 (released as S10-2) straddling the Duntroon and Ceduna Sub-basins of the Bight Basin off South Australia has been awarded to Bight Petroleum Corp. The company proposes a guaranteed work program of 235 km of new 2D swath seismic surveying, bathymetry surveying, geochemical sampling surveying and geotechnical studies at an estimated value of A\$3.975m. The secondary work program consists of an exploration well, 405 km of new 2D swath seismic surveying and geotechnical studies to an estimated value of A\$49.9m. There were no other bids for this area.

2012 Industry Area Nominations

Nominations of areas for inclusion in the 2012 Acreage Release will close on Friday 29 July 2011.

Industry stakeholders are invited to nominate vacant offshore areas to be considered for release in 2012; the sustainable annual release of quality petroleum exploration acreage, to provide the global petroleum exploration industry with a variety of investment opportunities in Australian waters, is a key objective of the Australian Government.

Noting the Australian Government's objective of a sustainable, annual petroleum exploration acreage release offering quality exploration investment opportunities it is possible that not all nominated areas will be included in the 2012 Acreage Release.

All nominations are, however, considered seriously and are subjected to a rigorous assessment and short listing process, which may take into account factors such as:

- previous interest in, and exploration undertaken, in the nominated areas;
- whether there is a new geoscientific story or a new market development, such as domestic demand changes or an opportunity for early field commercialisation, that might generate the interest of potential bidders;
- any potential adverse impact on current offshore petroleum exploration acreage release areas bidding rounds;
- ongoing pre-competitive studies by Geoscience Australia - it is Government practice to allow pre-competitive geoscientific data collection programs to conclude prior to the release of acreage; and
- international maritime boundary negotiations.

The nomination form is attached to this edition of APN; for further details on the nomination process please visit: <http://www.ret.gov.au/Documents/par2011/2012-nominations/index.html>

All nominations are treated as "Commercial-in-Confidence" and should be submitted electronically to the Joint Authority at petroleum.exploration@ret.gov.au by 29 July 2011.

Summary of Areas Available for Bidding

Australian Minister for Resources and Energy, the Hon Martin Ferguson AM MP, launched the *2011 Offshore Petroleum Exploration Acreage Release* on 11 April. The Release comprises 29 areas in Commonwealth waters off Western Australia, the Northern Territory, Victoria, Tasmania and in the Territory of Ashmore and Cartier Islands.

Release/Round	Areas	Bid Closing Date
2010 Acreage Re-Release	W10-7, W10-21, W10-22	Thursday 13 October 2011 <i>4pm local standard time</i>
2011 Acreage Release First Round	AC11-1 & AC11-2 W11-1, W11-10 to W11-15 V11-1 to V11-6 & T11-1	
2011 Acreage Release Second Round	NT11-1 & NT11-2 W11-2 to W11-9 W11-16 to W11-18	Thursday 12 April 2012 <i>4pm local standard time</i>

Exploration work undertaken in re-release acreage *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.

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/oceans/oar_DataRoom.jsp

Preparing a Bid for Offshore Petroleum Exploration Acreage

The Government encourages applications from offshore petroleum explorers who propose work program bids that will significantly enhance the geological understanding of acreage on offer and, ultimately, increase Australia's pre-competitive geological knowledge base. In awarding an exploration permit the Joint Authority must be satisfied that the applicant has developed an exploration strategy and work program that will *'significantly advance the assessment and understanding of the petroleum potential of the permit area'*.

Applications for the acreage on offer must contain a **technical assessment of area** and a **proposed exploration program** covering the initial term of the permit (6 years); and evidence of the explorer's **technical & financial capacity** to undertake the proposed work program.

To assist with preparing bids, the offshore exploration guidelines, including the *Requirements of Bid and Renewal Applications Guideline* (previously Applications for Exploration Areas) were updated in 2010 to clearly set out the expectations of Regulators in relation to the day to day administration of petroleum exploration operations in Australian waters. The revised guidelines **commenced on 1 January 2011** and can be found at www.ret.gov.au/offshoreresourceslegislation.

The detailed 2011 Acreage Release information package is now available. The information package contains:

- an overview of the Australian offshore petroleum sector;
- guidance for preparing an exploration permit application, including the selection criteria and assessment process;
- a summary of petroleum prospectivity and geological settings; and
- a summary of available data.

An application checklist and the Guidelines are also available online at www.petroleum-acreage.gov.au or on USB by contacting petroleum.exploration@ret.gov.au. Please note the website contains the most up to the minute information.

Offshore Petroleum Regulatory Reform Update

On 25 May 2011, the Minister for Resources and Energy, the Hon Martin Ferguson AM MP introduced into the Parliament a package of five amendment Bills to the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (OPGGs Act) and associated Acts.

The package of Bills was then referred by Minister Ferguson to the House of Representatives Committee. The Committee received written submissions on 10 June, held hearings on 17 June and released its report on 27 June. The Bills, associated Explanatory Memoranda, Second Reading Speeches, terms of reference, submissions, media releases and report can be found at <http://www.aph.gov.au/house/committee/arff/petroleum/index.htm>

The Senate also jointly referred the package of Bills for inquiry and report. The Senate Committee held hearings on 7 June and their Inquiry Report was tabled in the Senate on 16 June 2011. A copy of the Senate Inquiry Report and submissions received can be found at: http://www.aph.gov.au/senate/committee/economics_ctte/offshore_petroleum_2011/report/index.htm

Both Committees recommended the passage of the bills through the House of Representatives and the Senate (with a dissenting report from Coalition Senators). In delivering its findings, the House of Representatives Committee recommended an amendment to the Royalty Bill to replace the functions of the Designated Authority in the *Offshore Petroleum (Royalty) Act 2006* with the responsible State Minister, rather than the Titles Administrator. As a result a Government amendment was moved to implement this recommendation. The Senate Standing Committee for the Scrutiny of Bills also, as a matter of course, examined the bills and made a recommendation relating to a technical aspect of the National Regulator Bill regarding incorporation of extraneous material into directions. Further Government amendments were moved to implement this recommendation. The bills will be introduced to the Senate in the Spring 2011 parliamentary period commencing 16 August 2011.

The Department of Resources, Energy and Tourism (RET) conducted information sessions on the legislative package in Melbourne on 14 June and Perth on 15 June. These were attended by a range of stakeholders including state government officials, members of the oil and gas industry and members of the legal profession. RET provided information on the policy background to petroleum regulatory reform, details on the legislative amendments including objectives, the National Regulator Bill, the new levies and the other Amendment Bills, and the way forward

including details on the Parliamentary Committees, Parliamentary Sittings dates, the Working Group on the Transition to guide transition and plans for future consultation.

Also on 15 June 2011, the Working Group Meeting on the Transition to the New Offshore Petroleum Regulatory Arrangements held its third meeting in Perth. Key issues discussed included the memorandum between the WA and Commonwealth, updates on the establishment of the National Offshore Petroleum Titles Administrator (NOPTA) including the business process consultancy, the recruitment process for NOPTA, the National Electronic Approvals Tracking System (NEATS) and the way forward on data management and regional offices. The 4th meeting of the Working Group is scheduled for late July 2011.

For further information on offshore petroleum regulatory reform please contact offshorepetroleumreform@ret.gov.au or view our webpage: <http://www.ret.gov.au/Department/responses/pc-review/Pages/pc-review.aspx>

Commencement of Legislation and Regulations to impose Well Levies

Legislation to amend the *Offshore Petroleum and Greenhouse Gas Storage (Safety Levies) Act 2003* (the Safety Levies Act) to impose well-related levies on offshore petroleum titleholders commenced by Proclamation on 17 June 2011. As a result of these amendments, the title of the Safety Levies Act has been changed to the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2004* (the Regulatory Levies Act), to reflect the broader range of levies now imposed by the Act. The Regulatory Levies Act incorporates provisions to impose well levies on petroleum titleholders, in addition to the existing safety-related levies imposed on operators of petroleum facilities.

Amendments to the *Offshore Petroleum and Greenhouse Gas Storage (Safety Levies) Regulations 2004* (now titled the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2004*) also commenced on 17 June 2011. These amendments detail the calculation and composition of well-related levies imposed by the Regulatory Levies Act.

Consequential amendments to the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* to, among other things, update references to the former Safety Levies Act and provide for the imposition of late payment penalties also came into force on 17 June 2011.

The well levies will recover the costs of the National Offshore Petroleum Safety Authority (NOPSA) in undertaking its regulatory functions in relation to structural integrity and safety of wells and well-related equipment. The levies will apply to titleholders who hold the relevant permit or licence to conduct well activities. Under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*, offshore petroleum titleholders are responsible for ensuring the integrity of facilities, wells and well-related equipment, and also have an occupational health and safety duty of care in relation to wells and well-related equipment.

NOPSA will undertake an annual review of the levies to ensure that they are set at the appropriate level for undertaking the wells regulation function. This review will include industry consultation in a similar approach currently undertaken in relation to the safety levies.

The updated Regulatory Levies Act and Regulations can be viewed at the following websites:

Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003:

<http://www.comlaw.gov.au/Details/C2011C00439>

Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2004:

<http://www.comlaw.gov.au/Details/F2011C00363>

Update on International Offshore Petroleum Regulators and Operators Summit



Stay in the know, don't miss the Australian Government's *International Offshore Petroleum Regulators and Operators Summit* at the Burswood Convention Centre in Perth, Australia on 10-11 August 2011.

The Macondo and Montara incidents have been catalysts for change in offshore petroleum regulation and operations around the world. The Summit aims to bring together key governments, industry, regulators and legislator representatives from Australia, the United States, South America, Europe and Asia to develop a common understanding and consistent approach to the regulation of the global offshore petroleum industry.

The Summit will provide an opportunity for international collaboration to identify best practice arrangements to strengthen existing offshore petroleum regulatory frameworks. The Summit will consider a number of topics, including:

- culture, leadership and management with the offshore petroleum industry;
- incident response and preparedness by the offshore petroleum industry;
- understanding/monitoring environmental impacts;
- innovation and R&D in well containment and deep-sea drilling; and
- how both incidents have driven global changes to the ongoing operation and regulation of the offshore petroleum industry.

Online registration and further information can be found on the Department's website: [International Offshore Petroleum Regulators and Operators Summit](http://www.petroleum-acreage.gov.au)

Update on Australian Hydrographic Office Requirements

Due to the multi-use nature of the offshore environment it is necessary to communicate the status of exploration activities and infrastructure developments to the wider community. The Australian Hydrographic Office (AHO) is tasked with this responsibility. The AHO accomplishes this by publishing and distributing nautical charts and other information required for the safety of ships navigating in Australian waters.

In the interest of safety of operators and other mariners the AHO recently expressed concern that companies undertaking offshore drilling and exploration activities are not always providing information in regards to the status of wells, once drilling has ceased. This information is gathered by the AHO to update navigational charts which are used to advise mariners of any dangers or obstacles in an offshore area.

Companies are reminded that it is an operational requirement to alert the AHO with a minimum of three weeks' notice prior to actual commencement of any petroleum operations including seismic surveys, the drilling of wells and infrastructure developments. Once a drilling operation has been completed, the AHO must be provided with details as to whether the well has been left suspended or plugged and abandoned.

For further information on the AHO please visit: <http://www.hydro.gov.au/index.htm>

Are you on our distribution list?

If you or your colleagues would like to receive new editions of this newsletter when it is issued, please forward your e-mail address to: petroleum.exploration@ret.gov.au.

There is no charge for this service. This distribution list is not used for purposes other than notifying registered parties of relevant petroleum issues.

This occasional newsletter was prepared by the Exploration Team, Resources Division, Department of Resources, Energy and Tourism, Canberra, Australia.

Postal Address: GPO Box 1564, Canberra ACT 2601, Australia
E-mail: petroleum.exploration@ret.gov.au
Website: www.ret.gov.au/petexp/ / www.petroleum-acreage.gov.au
Telephone: +61 2 6213 7920 (Marita Sloan)
Facsimile: +61 2 6213 7950