



Government of Western Australia
Department of Mines, Industry Regulation and Safety



Government
of South Australia
Department of the
Premier and Cabinet



Northern Territory
Government

Australia PETROLEUM



Australian Government
Geoscience Australia



Australia PETROLEUM



Regulation down under – challenges and opportunities from an Australian perspective



Government
of South Australia

Department of the
Premier and Cabinet

*AAPG ICE Regulation Panel
17 October 2017*

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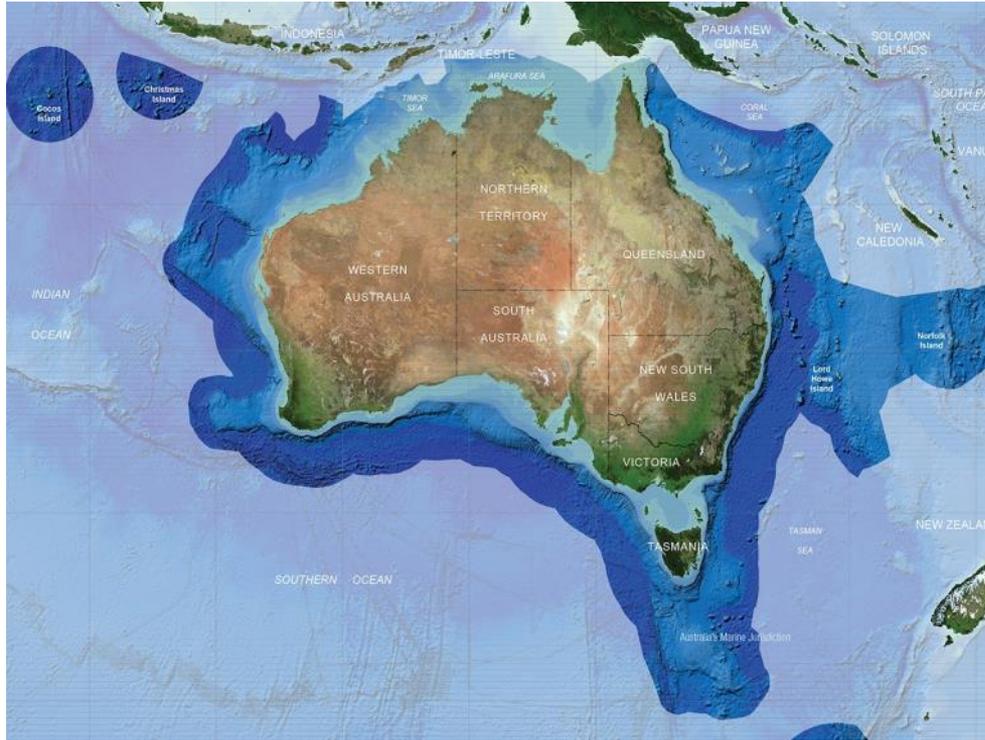
¹ South Australian Department of the Premier and Cabinet

² Geoscience Australia



Australian Government
Geoscience Australia

Overview – Government Roles

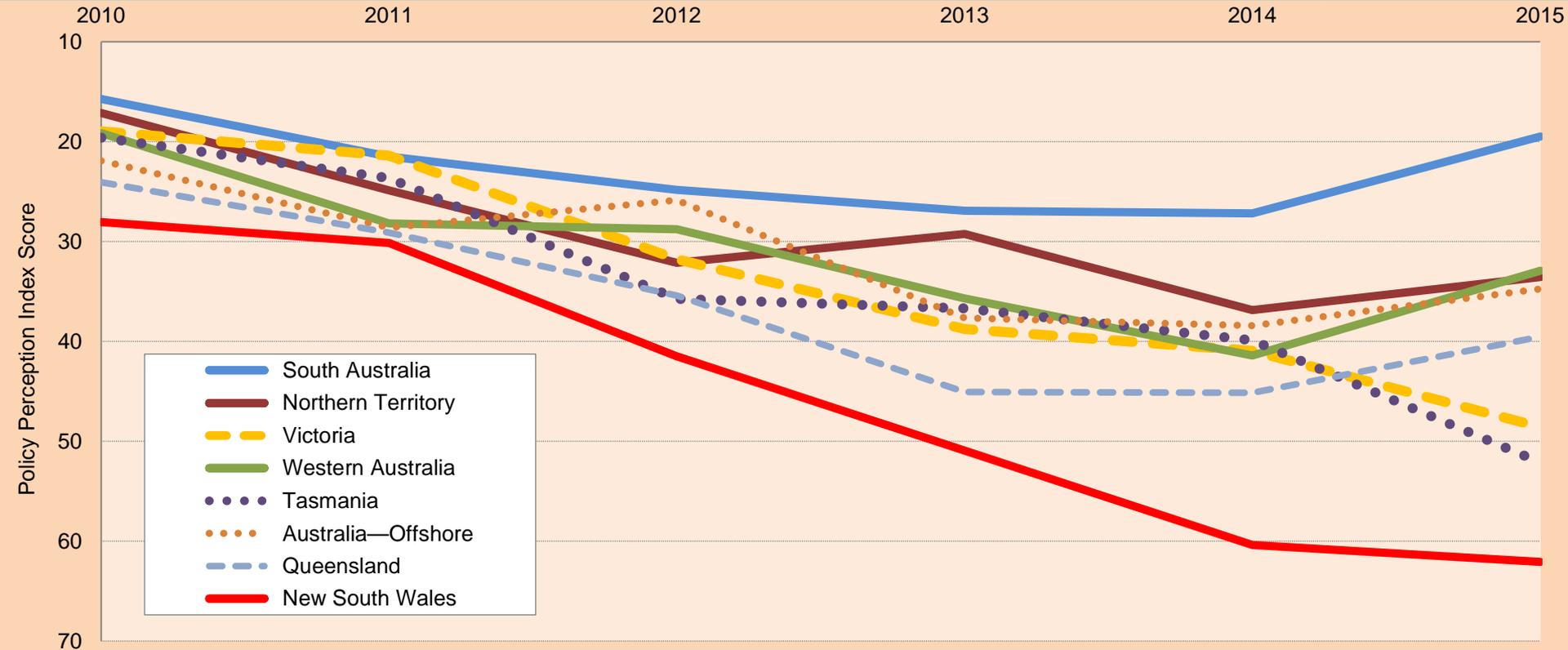


- Australia is a Westminster system parliamentary democracy. Like Canada it's a Federation of States and Territories.
- The Australian Government administers offshore waters outside 3 mile nautical limit.
- State and Territory governments administer onshore and inside the 3 mile nautical limit.
- Australian governments own the resource in the ground, rather than individual landowners.

Government roles:

- regulating industry,
- issuing rights to oil and gas,
- assessing & approving activities,
- collecting royalties & fees,
- managing submitted industry data,
- generating new pre-competitive data & studies,
- Maximising exploration access to sea & land

Benchmarking performance – Fraser Institute



Offshore Regulatory Reform -

In response to Montara (2009) and Deepwater Horizon (2010) incidents



DESIGNATED AUTHORITY

Functions:

- Titles Administration
- Resource Management
- Environmental Management
- Data Management
- Day-to-day operations
- Collect Fees

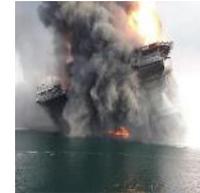
National Offshore Petroleum Titles Administrator:

- Titles Administration
- Resource Management
- Data Management
- Collect Fees

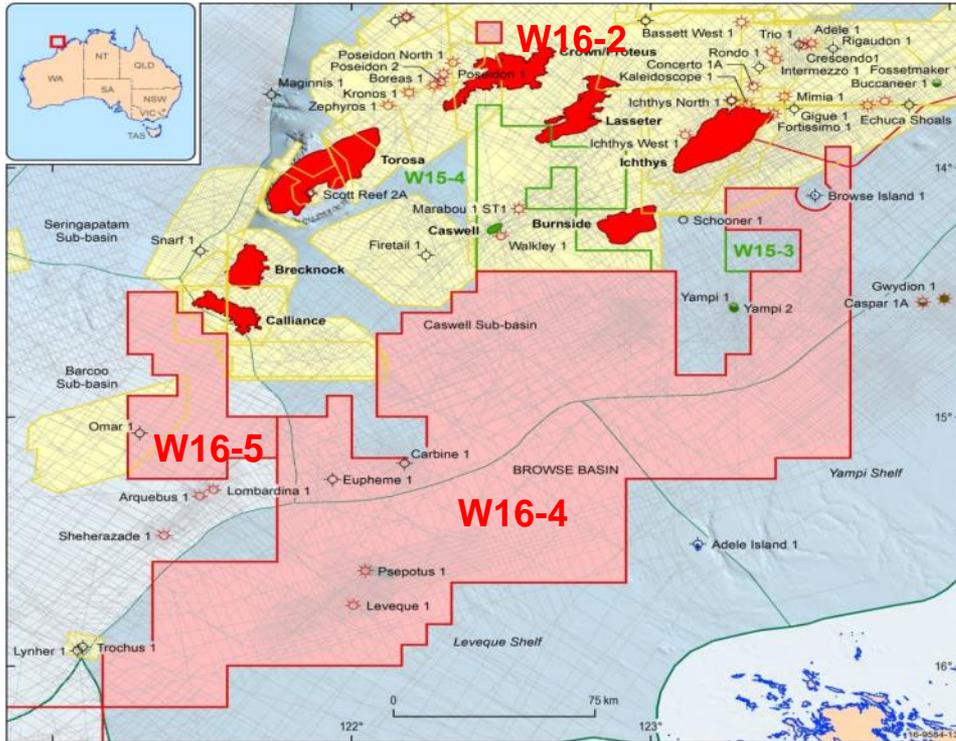


National Offshore Petroleum Safety and Environmental Management Authority:

- OHS (existing NOPSA function)
- Structural Integrity of facilities & wells (existing NOPSA function)
- Environmental Management
- Day-to-day operations

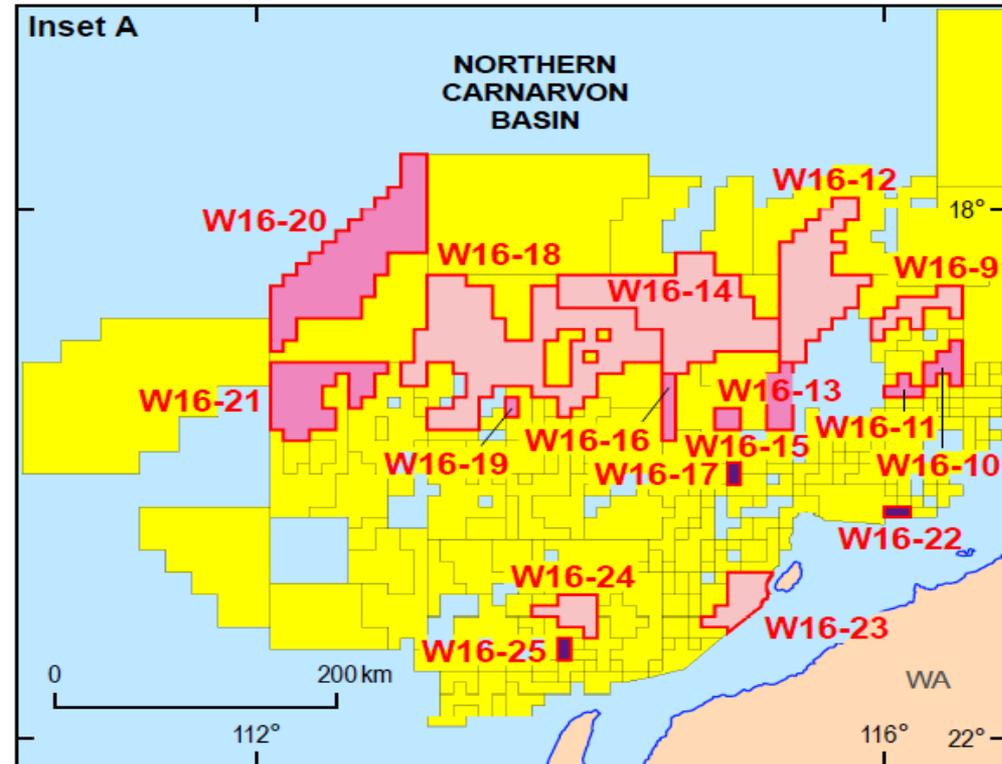


Offshore Challenges – Block sizes



- Different views between exploration and data acquisition companies.
- Maximum area 400 graticular blocks in frontier areas. In recent years frontier blocks >300 graticular blocks.
- In mature areas – how best to manage relinquished blocks - consolidate into larger areas, or sustain industry nominations for one particular area or block(s).
 - how big is “too” big?
 - how small is too small?
 - cash bidding?

Offshore Challenges – Closing Dates for Work Program Bidding



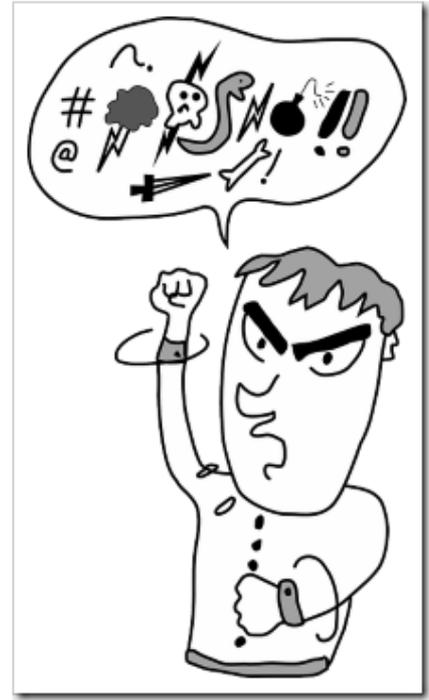
- Competitive bidding, multiple bids, advancement of geological knowledge.
- Currently – 2 closing dates 5 months and 11 months after offshore acreage release announced.
- Short timeframe may advantage incumbents with experience over new explorers.
- Are two bidding rounds required?
- Is six months too short?
- Should data poor areas have a short bidding period?

Offshore opportunity

Review of Acreage Release Process



- Companies complain that it takes too long to be awarded with an exploration permit.
- Time from nomination, through gazettal, through bidding, through offer, through acceptance, through permit award now takes up to three years.
- Government about to review the process and propose a number of different models that will be communicated to industry.



Onshore challenges



- Low oil prices have reduced upstream petroleum investment worldwide;
- Effective investment frameworks minimize pain;
- High-graded plays still being explored – but at reduced rates;
- Licence operators seeking to lift productivity, reduce costs & debt;
- Organised opponents of fossil fuels at global and local levels to stop on and offshore exploration and production remain;
- Uncertainty from 14 Parliamentary inquiries into fracking;
- State/Territory moratoria/bans;
- Efficient, objective-based regulation and demonstrably compatible multiple land use should be the common rule as it had been for decades rather than ‘farmers vs miners’, ‘lock the gate’ and ‘protecting our food bowl’.

Jurisdiction	Fracc ban or moratorium	Conventional exploration ban
NSW	Orange	Green
NT	Red	Green
Qld	Green	Green
SA	?	Green
Tas	Red	Green
Vic	Red	Red
WA	Red	Green

**LOCK
the GATE**

We stand together to protect
OUR FOOD & WATER SUPPLY
From destructive Gas & Mining Projects

www.protectourfoodandwater.org.au
www.lockthegate.org.au



Onshore opportunities – SA approach

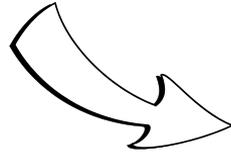


- Sustain efficient/effective & trustworthy one-stop-shop;
- Skilled professionals regulate to meet community and investor expectations;
- Pragmatic tenure via Petroleum Retention Licences (PRLs);
- Reduced PRL fees by 35% from 1 July 2014-2018;
- 5 year deferment of royalties for gas produced from unconventional reservoirs;
- State Energy Plan - A\$48 m *PACE* (Plan to ACcelerate Exploration) Gas Grants to deliver more gas soonest to SA power generators;
- PACE Gas Royalties – sharing a % of State royalties to be paid to landowners, a first for Australia
- Publish new prospectivity data, market analysis and play size/attributes to inform public & investors

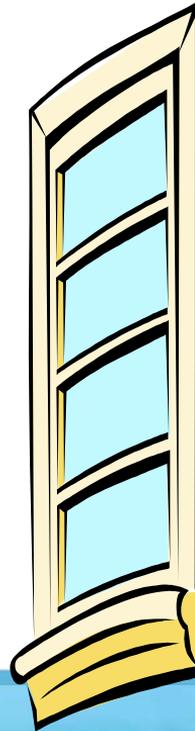
Opportunities – 'one window into government'



Company activity



ERD



Health

EPA

National Parks

Native veg - MOU

Surface & ground water

Safework
(Major Hazardous Facilities)

Planning

Our co-regulators

Opportunities – Roundtable for Oil & Gas in SA



Designed to inform industry strategies, government policies, and regulations to facilitate oil & gas projects in ways that SA communities welcome.

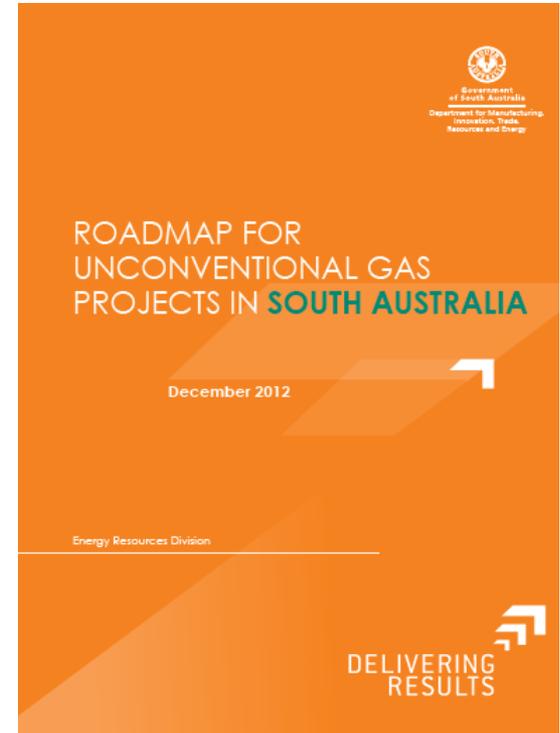
>2,000 members, >1000 organisations & ~30 individuals (including activists).

8 working groups addressing priorities ranked by Roundtable membership:

- Training – Tonsley Centre of Excellence;
- Cooper Basin supply hubs, roads & air strips;
- Cooper Basin water use;
- Transport – minimise cross border red tape;
- GHG detection;
- Supplier forum;
- Gaseous fuels for transport & heavy machinery;
- Sharing Information.

New members are welcome – please see me in stand 507 & 509

http://petroleum.statedevelopment.sa.gov.au/roundtable_for_oil_and_gas



For more information please visit stand 507 & 509



CONCLUSIONS

- The SA Government plans to seek feedback from the community, industry and academics on an Oil & Gas Strategy after the State election in March 2018.
- This SA Strategy aims to foster continued ever-more-valued investment in on and offshore petroleum projects and better explain to South Australian communities the public value of a local industry that delivers jobs, investment as well as reliable and affordable energy.
- The Australian Government will also be seeking industry feedback as part of the review of the offshore acreage release program.
- Info about current offshore acreage opportunities are available online:

www.petroleum-acreage.gov.au

STAY TUNED

