

# AUSTRALIAN PETROLEUM NEWS

JUNE 2002



INDUSTRY  
TOURISM  
RESOURCES

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## Areas currently available for bidding

	<b>Areas</b>	<b>Bid Closing Date</b>
2001 Re-release areas	W01-2 to 6*, W01-16 to 21, W01-26, S01-2 to 3,  T01-2	24 October 2002  25 October 2002**
2002 Release areas (1st bidding round)	NT02-1, AC02-1, W02-12 to 15, V02-2	24 October 2002
2002 Release areas (2nd bidding round)	NT02-2 to 9, W02-1 to 11, S02-1 to 8, V02-1, V02-3 to 4, T02-1 to 4	10 April 2003

The policy to re-release areas not successfully bid on was adopted to enable permit holders to maintain their good standing after a permit is cancelled. However, the re-released areas are open to all interested bidders under the work program bidding system.

Further information on these areas and application requirements can be found by visiting our website or requesting a free CD-ROM.

\* **Note:** Parties interested in bidding for W01-4, which covers the Cornea oil and gas accumulation, are advised that previously unavailable interpretive data for this area can now be accessed through Geoscience Australia (e-mail: [ausgeodata@ga.gov.au](mailto:ausgeodata@ga.gov.au) for further information).

\*\* **Note:** Thursday, 24 October 2002 is a public holiday in Tasmania. The closing date for T01-2 has therefore been extended until the following day, 25 October 2002.

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## Nomination of areas for the 2003 Offshore Acreage Release

The Commonwealth and State/NT governments are now calling for nominations from interested parties for vacant offshore areas to be considered for release in 2003.

Nominations are treated as "Commercial-in-Confidence", should be in writing, and be forwarded by 31 July 2002 to the relevant State/NT Department or the General Manager, Offshore Resources Branch, at the address below.

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 shortlisting.

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, spec survey proposals, the Geoscience Australia research agenda and the Australian Offshore Petroleum Strategy .

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

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## New Contact details

Just a reminder that the Department has changed its internet domain. The petroleum exploration e-mail contact address is: [petroleum.exploration@industry.gov.au](mailto:petroleum.exploration@industry.gov.au) . Individuals can be contacted by using the following formula:  
[firstname.surname@industry.gov.au](mailto:firstname.surname@industry.gov.au)

The Departmental internet address is: [www.industry.gov.au](http://www.industry.gov.au) . And a new petroleum homepage is being constructed at [www.industry.gov.au/petexp](http://www.industry.gov.au/petexp). In the interim, [www.isr.gov.au/resources/petroleum.html](http://www.isr.gov.au/resources/petroleum.html) will also remain current.

In addition, our Department has had a restructure and the petroleum area is now part of the Resources Division (an amalgam of the Petroleum & International Energy Division and the Coal & Minerals Division). The International Energy sectors are now incorporated within the Energy and Environment Division.

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## Liquefied Natural Gas in East China: Opportunities for Growth

The study will evaluate the potential for Australian exports of LNG to the east China regions of Shanghai, Jiangsu, Zhejiang and Fujian, including an assessment of the demand for natural gas, the costs of supply from alternative sources and the institutional requirements for establishing an LNG market in the region.

Expected publication date: third quarter 2002.

For further info, contact Denise Flamia, ABARE Publications Unit  
Phone +61 2 6272 2211; Fax +61 2 6272 2330; e-mail: [dflamia@abare.gov.au](mailto:dflamia@abare.gov.au), or purchase on line at [www.abareconomics.com](http://www.abareconomics.com) .

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## Revised Guideline for the Grant of a Production Licence and Grant of an Infrastructure Licence

The Offshore Petroleum Production Licence Guideline has been updated to provide guidance on infrastructure licence applications. The revised Guideline came into effect on 10 May 2002. It can be found at [www.industry.gov.au/petlegislation](http://www.industry.gov.au/petlegislation) and scroll down to 'Guideline - Grant of a Production Licence and Grant of an Infrastructure Guideline'.

The revised Guideline provides assistance to proponents on what types of activities are covered by an infrastructure licence, such as floating methanol, LNG or where facilities are used to process petroleum outside the corresponding production licence. Amendments have also been made to the Guideline to update administrative and legislative changes, for example to reflect approvals processes under the *Environment Protection and Biodiversity Conservation Act 1999*.

For further information please contact Carolyn Barton, Offshore Resources Branch, ITR, phone: +61 2 6213 7203, or e-mail: [carolyn.barton@industry.gov.au](mailto:carolyn.barton@industry.gov.au).

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## Decommissioning Guideline

The Resources Division in the Department of Industry, Tourism and Resources (ITR) recently developed a draft Decommissioning Guideline, in consultation with State/Northern Territory (NT) regulators and the petroleum industry. The objective of this Guideline is to assist companies in the decommissioning of offshore petroleum facilities in compliance with Australian legislation.

The Decommissioning Guideline provides the proponent (eg a company engaged in preparing a proposal for decommissioning of an offshore facility/structure) with an overview of the relevant assessment/approval processes. It also outlines the consultation necessary between the proponent and relevant Commonwealth and State/NT agencies.

The Upstream Petroleum Consultative Committee gave its agreement to the draft Guideline, at its last meeting of 19 April 2002. Following Ministerial clearance, ITR will publish the final Guideline on the Departmental website. For further information on the draft Decommissioning Guideline please contact Willie Senanayake at ITR (phone: +61 2 6213 6406; e-mail: [willie.senanayake@industry.gov.au](mailto:willie.senanayake@industry.gov.au)).

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## Petroleum (Submerged Lands) Amendment Bill 2002

The Commonwealth's Petroleum (Submerged Lands) Amendment Bill 2002 was introduced into Parliament on 15 May 2002 and passed by the House of Representatives on 6 June 2002. It is currently expected to be considered by the Senate in the Spring 2002 Parliamentary sitting.

This Bill contains two proposed amendments to the Petroleum (Submerged Lands) Act 1967 which are intended to make the Act compliant with national competition policy principles.

First, for exploration permits over acreage that is publicly released for bidding on or after 1 January 2003, the maximum number of renewals of a petroleum exploration permit would be reduced to two.

The other proposed amendment is to reduce, from two to one, the number of times the holder of a retention lease can be required to re-evaluate the commerciality of the discovery during the term of the lease.

If passed by the Senate, these reforms should help to accelerate the rate of exploration for petroleum in Australia's marine jurisdiction and reduce compliance costs for industry.

Contact: Cathy Dillon, ph: +61 2 6213 7969.

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## Timor Sea

The signature of the Timor Sea Treaty on 20 May 2002 opens the way for the development of the major oil and gas deposits in the Timor Sea between Australia and the newly independent East Timor.

Australia and East Timor have agreed to proceed expeditiously with the action in each country necessary to bring the Treaty into force. In the meantime, an Exchange of Notes of treaty status will continue the arrangements for the Timor Sea that were in place on 19 May 2002. Upon entry into force, the Treaty will be applied retrospectively to 20 May 2002.

Australia and East Timor have competing claims to the resources of the seabed of the Timor Sea. The Timor Sea Treaty enables the development of the resources of a major part of the seabed of the Timor Sea that is referred to in the Treaty as the 'Joint Petroleum Development Areas' (JPDA), notwithstanding those competing claims.

Australia is conscious of the need for East Timor to have a sound economic base. The Treaty agrees to share revenue to Governments from oil and gas production in the JPDA in the proportion 90% (East Timor) and 10% (Australia). These revenues will be a major contributor to that outcome. A Joint Ministerial Council will oversee the management of the JPDA by both countries.

The Treaty covers both oil and gas developments. It provides a comprehensive regulatory framework covering matters such as development and production, the marine environment, employment, health and safety of workers, surveillance, security, search and rescue and air traffic services as well as the application of taxation and criminal law.

The Treaty provides also for other more detailed instruments covering mining and taxation matters. The Taxation Code has been concluded recently and forms an Annex to the Treaty itself.

Signature of the Treaty is a significant step towards the early development of the valuable Bayu-Undan and Sunrise Troubadour deposits. The Bayu-Undan field will provide substantial revenues to East Timor from 2003. Also, the gas from that project will be processed in Darwin for export, providing substantial downstream benefits for Australia and, in particular, the Northern Territory. Conclusion of the subsidiary arrangements for that project, including production sharing contracts, is a matter of high priority for the Government.

While only 20.1% of the Sunrise Troubadour deposit falls within the JPDA and 79.9% is within exclusive Australian jurisdiction, the Treaty provides for the development of that deposit as a unity even though it is located in two separate jurisdictions. The conclusion of a separate 'unitisation' agreement is also a matter of high priority for the Government, and is expected to be finalised by the end of this year.

Copies of the Timor Sea Treaty, the Exchange of Notes, and the Memorandum of Understanding concerning an international agreement for the Greater Sunrise Field can be found at [www.dfat.gov.au](http://www.dfat.gov.au) .

Information on the Joint Petroleum Development Area can be found at: [www.industry.gov.au/resources/timor-gap/index.html](http://www.industry.gov.au/resources/timor-gap/index.html) .

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## New National Offshore Safety Agency

The Minister for Industry, Tourism and Resources, Ian Macfarlane, announced on 14 May 2002 that \$6.1 million has been allocated over a period of three years to establish a new National Offshore Safety Agency to boost safety in the offshore petroleum industry. The new offshore agency will be a single body focusing on safety regulation in State coastal waters and Commonwealth waters and it will replace the functions currently undertaken by State and Northern Territory safety regulators. The new agency should be established and in full operation by end of 2004.

In March this year, the Ministerial Council on Minerals and Petroleum Resources (MCMPR) endorsed two high level safety initiatives. The first was to agree to a set of principles for regulation of offshore safety in Australia and tasked officials to report back on how to improve offshore petroleum safety primarily through a single national offshore safety agency. The second was to produce a Strategic Framework for Mine Safety.

In terms of offshore safety a Steering Committee and three Working Groups have been convened to examine options for the improvements of safety in the Australian petroleum industry. The three Working Groups will examine:

- the institutional form of the new agency;
- technical improvements to existing safety policies and procedures; and
- improvements to the existing laws governing offshore safety.

The Steering Committee and representatives of the Working Groups met in Canberra on May 20 and 21. A Stakeholder Seminar was also held on May 20. The main aim of the gathering was to inform industry, workforce and other stakeholders of the process for enhancing the occupational health and safety regulation in offshore petroleum industry. Both events were successful, very well attended and provided constructive input for future work. In addition to government officials, workforce and industry representatives contributed to the work program. A similar workshop will be held in Perth on 31 July 2002.

The next step is to prepare a report for the Ministerial Council by the end of August 2002. The report will include the preferred form and nature of the national safety agency, progress in improving offshore safety outcomes and the implications and the priorities for legislative changes.

For further information, contact Peter Wilkinson on ph: +61 2 6213 7013 or e-mail: [peter.wilkinson@industry.gov.au](mailto:peter.wilkinson@industry.gov.au) .

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## Australian Petroleum Statistics

The December issue of the Australian Petroleum Statistics is now available. The December issue contains statistics on petroleum production, refining, consumption, imports, exports and stocks for the 2001 calendar year. The issue also contains petrol prices and taxes in OECD Countries for the September quarter. Annual subscriptions cost \$270 or \$27 per issue. Copies can be obtained by contacting Rae Fisher on +61 2 6213 7967 or alternatively by e-mail at [rae.fisher@industry.gov.au](mailto:rae.fisher@industry.gov.au).

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There is no charge for this service or the CD-ROM. This distribution list is not used for purposes other than notifying registered parties of relevant petroleum issues, as indicated above.

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

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