



**Australian Government**

**Department of Industry  
Tourism and Resources**

## AUSTRALIAN PETROLEUM NEWS

MAY 2004

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### **Offshore Petroleum Exploration Incentive**

As part of the Australian Government's 2004/2005 Budget, the Treasurer, Peter Costello and the Minister for Industry, Tourism and Resources, Ian Macfarlane have announced that the Government will introduce a taxation incentive designed to encourage petroleum exploration in Australia's remote offshore areas.

The measure allows an immediate uplift to 150 per cent on petroleum resource rent tax (PRRT) deductions for exploration expenditure incurred in designated offshore frontier areas. The 150 per cent uplift applies to pre-appraisal exploration expenditure in the initial term of the exploration permit granted for a designated area. Uplifted expenditure will also retain access to the transferability and annual uplift provisions of the PRRT.

Australia has some 40 offshore basins that display signs of petroleum potential, but half remain unexplored due to the cost and high-risk nature of exploration in remote frontier areas. The measure lowers the cost of petroleum exploration in frontier areas, thereby providing an incentive to explore in Australia's remote offshore areas and increasing the probability of discovering a new oil province.

The measure applies to the annual offshore acreage releases for 2004 to 2008. Under the measure, the Minister for Industry, Tourism and Resources may allocate up to 20 per cent of each year's offshore petroleum exploration acreage release areas as designated frontier areas.

In particular, designated areas will be more than 100 kilometres from an existing commercialised oil discovery and will not be adjacent to an area designated in the previous year's acreage release.

The 2004 offshore petroleum exploration areas were announced on 29 March 2004. Further to that announcement, the following areas will be designated as frontier areas for the purpose of this measure:

- **T04-5** located off the west coast of Tasmania near Port Davey in the Sorell Basin.

- **W04-2** and **W04-4** located on the deep water frontier areas of the Exmouth Plateau, over 400 kilometres west of Karratha.
- **W04-15** and **W04-16** which begin around 70 kilometres west of Shark Bay in the Houtman Sub-basin, part of the Northern Perth Basin.
- **NT04-3** located in the eastern Timor Sea about 300 kilometres north of Darwin in the Northern Bonaparte Basin.

A map showing the location of these areas is attached.

All of these areas remain open for bidding until 31 March 2005. Detailed information on all the 2004 acreage release areas is available at [www.industry.gov.au/petexp](http://www.industry.gov.au/petexp).

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## **2004 Offshore Petroleum Exploration Acreage Release**

New acreage for petroleum exploration off the Northern Territory, Western Australia, the Territory of Ashmore and Cartier Islands, Victoria and Tasmania coastlines was released on 29 March 2004 by the Federal Minister for Industry, Tourism and Resources, Ian Macfarlane.

A total of 31 areas has been made available for open bidding by the petroleum exploration industry. This is the principal release of offshore acreage this year, with 11 areas closing for bidding on 30 September 2004 and the remaining 20 closing for bidding on 31 March 2005. They will be subject to the work program bidding system and any subsequent exploration permits will be awarded for an initial term of six years, with a maximum of two renewal periods each of 5 years.

Information on the release areas and application requirements can be found by visiting our website at [www.industry.gov.au/petexp](http://www.industry.gov.au/petexp) or requesting a free CD-ROM by e-mailing [petroleum.exploration@industry.gov.au](mailto:petroleum.exploration@industry.gov.au).

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## **Re-release of 2003 areas**

The following 2003 acreage release areas have been re-released and are available for bidding until 30 September 2004:

AC03-1 & 3  
T03-1 to 3  
S03-1 & 2  
W03-1 to 3, 5, 6 & 11

Area W03-11 is from the 25 September 2003 close of bidding round. All other areas are from the 25 March 2004 close of bidding round.

The 13 areas did not attract successful bids in the respective closing rounds and have been re-released at the discretion of the relevant Joint Authorities.

The policy of re-releasing areas was introduced to enable companies to maintain their good standing after cancellation of an exploration permit. However, the re-released areas are open to all interested bidders under the work program bidding system.

For further details, follow the links from: [www.industry.gov.au/petexp](http://www.industry.gov.au/petexp).

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### **Areas currently available for bidding**

	<b>Areas</b>	<b>Bid Closing Date</b>
2004 Release areas (1 <sup>st</sup> bidding round) [11 areas]	V04-1, T04-1 and W04-6 to 14	30 September 2004
2004 Release areas (2 <sup>nd</sup> bidding round) [20 areas]	AC04-1 to 4, T04-2 to 5, W04-1 to 5 & W04-15 to 17, NT04-1 to 3 and V04-2	31 March 2005
2003 Re-release areas	AC03-1 & 3, W03-1 to 3, 5, 6 & 11, S03-1 & 2 and T03- 1 to 3	30 September 2004

Further information on these areas and application requirements can be found by visiting website [www.industry.gov.au/petexp](http://www.industry.gov.au/petexp) or by requesting a free CD-ROM by e-mail: [petroleum.exploration@industry.gov.au](mailto:petroleum.exploration@industry.gov.au).

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### **Promotion of 2004 Australian Offshore Acreage**

A delegation from Geoscience Australia and the Department of Industry, Tourism and Resources will visit Beijing, Tokyo, Seoul and Taipei in May to promote the 2004 release. We would be happy to try to organise meetings with companies in conjunction with the itinerary below:

Tokyo            23 – 26 May 04  
Seoul            27 May 04  
Beijing         28 - 30 May 04  
Taipei           31 May 04

To take advantage of this offer, please e-mail your interest for a meeting at: [petroleum.exploration@industry.gov.au](mailto:petroleum.exploration@industry.gov.au).

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## Geoscience Australia News

### **Geoscience Australia - Petroleum Open Day Review**

Following the annual APPEA conference, Geoscience Australia welcomed the petroleum industry to see how the new petroleum funding is being spent. This new funding, announced in the 2003/2004 Australian Government budget consists of \$61 million over four years and is the catalyst to many new and exciting petroleum studies. The Open Day was a great success with over fifty delegates from most of the major and many of the smaller petroleum operators, service providers, consultants and other government/scientific agencies.

The morning session was dedicated to new Government initiatives and directions, and was opened by Dr. Trevor Powell, Deputy CEO of Geoscience Australia and former Chief of the Petroleum and Marine Division:

- Dr. Powell highlighted the new initiatives of Geoscience Australia's "Big New Oil" program.
- Mr John Hartwell, Head of the Resources Division, Department of Industry, Tourism and Resources, spoke on the role of Government, the recent achievements and the priorities for the future.
- Mr. Gerard Early, Head, Approvals and Wildlife Division, Department of Environment and Heritage, ran through the Environment Protection and Biodiversity Conservation Act 1999 (the EPBC Act) and its relevance to the Petroleum industry.

Delegates were then presented with details of the new initiatives being undertaken as part of the Big New Oil program, including:

- The Bremer Sub-basin geological sampling survey, offshore southwest Australia.
- The hydrocarbon seepage survey and sampling of the Yampi Shelf, offshore Western Australia.
- Progress on the multi-million dollar task to remaster the entire national seismic survey data collection.
- New directions in the delivery of Petroleum Data over the internet.

#### *Early results of sampling*

Visitors were shown a selection of rocks dredged from the Bremer Sub-basin in February/March 2004 and updated on the preliminary results of the geochemistry and biostratigraphic analysis. The rocks analysed were mostly Jurassic in age with some Cretaceous samples present and depositional environments ranging from fluvio-lacustrine to marine.

Initial results of the Yampi Shelf survey were presented, showing the different lines of evidence used to locate and detect seepage. Images of ships echo sounder and side-scan sonar showed very active seepage, with gas plumes rising in the water column to 50m. This seepage could be tied back to features observable in seismic data. Importantly, new links are now being made between the sea bed and remote sensing data that helps in the assessment of natural hydrocarbon seepage using remote sensing

techniques. The aim of the project has been to integrate seepage information from seismic data, features identified on the sea bed and information from remote sensing platforms. This will allow targeted sampling programs, which will provide samples for geochemical analysis.

#### *Industry feedback on Big New Oil Program*

In the afternoon the delegates rotated through a series of discussions sessions, speaking with Geoscience Australia's scientists about their petroleum related work. These discussion sessions allowed valuable feedback from industry on the initiatives being undertaken in Geoscience Australia's Big New Oil program, and will greatly assist the planning and shaping of future surveys in the upcoming years.

One-on-one demonstrations of the web-enabled interrogation and down-loading of GA's petroleum databases, and live feeds of satellite tracking were also highlighted during the Open Day. The day's activities also featured a 3 dimensional visualisation and model of the Eyre Sub-basin and Bowen Basin using the new EDGE theatre, and tours of the laboratories and the vast seismic and well data repositories.

For more information or to obtain copies of the presentations phone Jenny Maher, Project Leader, Petroleum Promotion & Prospectivity Assessment, Geoscience Australia on +61 2 6249 9896 or e-mail: Jenny.Maher@ga.gov.au

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## **Appointment of New National Petroleum Safety Authority Chief**

The Minister for Industry, Tourism and Resources has announced the appointment of Mr John Clegg as the inaugural Chief Executive Officer of the new National Offshore Petroleum Safety Authority (NOPSA).

NOPSA will regulate safety on all of Australia's offshore petroleum facilities on behalf of the State, Northern Territory and Federal Governments and will commence on 1 January 2005.

Although the Authority is not due to begin operations until next year, Mr Clegg has recruitment and other important tasks to undertake before the Authority opens its doors and is expected that he will start work in July this year.

A joint offshore safety authority will provide significant community benefits by improving the safety on offshore platforms and reducing risks to the environment.

John Clegg, who is currently the Operations Manager of the Offshore Division in the UK Health and Safety Executive, has had a distinguished career as a UK civil servant. He has wide experience in the regulation of health and safety in the offshore petroleum industry. He was an officer in the Royal Navy before becoming a Specialist Inspector in the UK Health and Safety Executive. His thirty year career included work as an Operations Manager in the Offshore Safety Division

He had responsibility for the regulation of safety in the Southern North Sea, Morecombe Bay, Liverpool Bay and for all onshore petroleum operations in the UK. He is a Chartered Physicist and a member of the Institute of Physics.

The United Kingdom's offshore petroleum industry is considerably bigger than Australia's and it has pioneered the development of the safety case approach to regulation.

Mr Clegg is expected to bring the right combination of strong leadership and vast experience. The new Authority is an investment in the petroleum industry and the future and safety of its workers.

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## **Australian Petroleum Statistics**

The *Australian Petroleum Statistics* monthly publication is now available via e-mail in Microsoft Excel format, with the March 2004 edition now available. The publication contains statistics on petroleum production, refining, consumption, and stocks. The Subscriptions cost \$270 annually or \$27 per issue. Copies can be obtained by contacting Ms Rae Fisher on +61 2 6213 7967, or alternatively by e-mail at [rae.fisher@industry.gov.au](mailto:rae.fisher@industry.gov.au). Archived issues are now also available electronically.

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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.

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

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