



**Australian Government**

**Department of Industry  
Tourism and Resources**

## AUSTRALIAN PETROLEUM NEWS

AUGUST 2004

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### **Award of four new offshore exploration permits**

Four offshore petroleum exploration permits in the Western Australia and Ashmore and Cartier Islands adjacent areas have recently been granted.

All permits were awarded under the work program bidding system for an initial term of six years with a maximum of two renewals each of five years. The permits result from bids for offshore petroleum acreage in the bidding round that closed either 25 September 2003 or 25 March 2004.

The work program commitments for the awarded permits are valued at more than A\$87 million over the next six years.

Three of the four permits result from the 2003 acreage release with the remaining one resulting from re-release of 2002 acreage.

Details of the latest offshore exploration permits awarded are set out below.

<u>Permit</u>	<u>Basin</u>	<u>Area No</u>	<u>Date Granted</u>	<u>Successful Applicant(s)</u>
AC/P33	Bonaparte	AC02-1	25 June 04	Natural Gas Corporation Pty Ltd, Auralandia NL and Gascorp Inc
AC/P34	Browse	AC03-2	6 July 04	Coogee Resources (Ashmore Cartier) Pty Ltd
WA-352-P	Carnarvon	W03-9	9 June 04	Drillsearch Energy Ltd
WA-353-P	Carnarvon	W03-4	21 June 04	Woodside Energy Ltd

**Permit AC/P33** has been awarded to Natural Gas Corporation Pty Ltd, Auralandia NL and Gascorp Inc, which proposed a guaranteed program for the first three years of geological and geophysical studies and acquisition of 80km<sup>2</sup> of new 3D seismic data at an estimated cost of \$1.65m. The consortium also proposed a secondary program of geological and geophysical studies and a well at an estimated cost of \$15.6m. The permit was awarded on 25 June 2004. There were no other bids for the area.

**Permit AC/P34** has been awarded to Coogee Resources (Ashmore Cartier) Pty Ltd, which proposed a guaranteed program for the first three years of geological and

geophysical studies, reprocessing of existing seismic data, and two wells at an estimated cost of \$18m. The company also proposed a secondary program of geological and geophysical studies, purchase of 2D seismic, acquisition of 60km<sup>2</sup> of new 3D seismic data and a well at an estimated cost of \$10.5m. The permit was awarded on 6 July 2004. There were no other bids for the area.

**Permit WA-352-P** has been awarded to Drillsearch Energy Ltd, which proposed a guaranteed program for the first three years of geological and geophysical studies, reprocessing of existing 2D seismic data and acquisition of 200km of new 2D seismic data at an estimated cost of \$0.475m. The company also proposed a secondary program of geological and geophysical studies, acquisition of 100km<sup>2</sup> of new 3D seismic data and two wells at an estimated cost of \$17.3m. The permit was awarded on 9 June 2004. There were no other bids for the area.

**Permit WA-353-P** has been awarded to Woodside Energy Ltd, which proposed a guaranteed program for the first three years of geological and geophysical studies, reprocessing of 704km of existing 2D seismic data and acquisition of 1100km of new 2D seismic data at an estimated cost of \$2.69m. The company also proposed a secondary program of geological and geophysical studies and one well at an estimated cost of \$20.8m. The permit was awarded on 21 June 2004. There were no other bids for the area.

All permits were awarded for an initial term of six years with a maximum of two renewals each of five years. Each component of the work program must be completed in the designated year or earlier.

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## **Nominations closed for the 2005 Offshore Acreage Release**

Thank you to all those companies who nominated acreage to be released in 2005. Nominations for the 2005 release closed on 31 July 2004.

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

An indication of the areas proposed for release in the 2005 offshore acreage release will be announced through this newsletter around late November 2004. While these areas are still subject to change, it is highly unlikely that other areas will be added at that time. Details on the proposed areas will not be provided prior to the 2005 release date of 11 April 2005.

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## Areas currently available for bidding

	Areas	Bid Closing Date
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
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

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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## Exploration opportunities in the Joint Petroleum Development Area

The Timor Sea Treaty (TST) between the Government of Timor-Leste and the Government of Australia was signed on 20 May 2002 and entered into force on 02 April 2003. The TST establishes and defines the Joint Petroleum Development Area (JPDA), and the Timor Sea Designated Authority (TSDA) administers petroleum activities therein.

The TSDA is proposing to invite bids for some of the Vacant Acreage remaining in the JPDA. Petroleum Activities are conducted under a Production Sharing Contract (PSC) regime. (*see attached map*)

Oil from the Elang/Kakatua oilfields, and condensate and LPG from the Bayu-Undan liquids-rich gasfield are currently being produced and exported from the JPDA. The resultant stripped lean gas from the Bayu-Undan field is being re-injected, until the pipeline to an LNG facility in Darwin is completed. Daily export from offshore floating facilities currently exceeds 75,000 barrels (Oil - Equivalent). So far, proven recoverable reserves identified in the JPDA are 5+TCF Gas, and 450+ million barrels of light oil, condensate and LPG.

More than 50,000 line kilometres of 2D data and about 2,500 square kilometres of 3D data have been acquired, and a total of 47 exploration and appraisal wells have been drilled in the JPDA, with the majority of wells encountering oil and/or gas occurrences.

Current legislation (TST, and also the new draft Petroleum Mining Code and model PSC that are currently circulating for public consultation), is available on the TSDA website at: [www.timorseada.org](http://www.timorseada.org).

Please advise whether you have any specific area of interest, or wish to be included on the mailing list for JPDA acreage, when bids are invited. Upon request, the TSDA will provide information on the availability of seismic and drilling data. We would welcome your response before finalising our 2004/2005 Acreage Release plans. Emailed responses may be made to [darwinoffice@timorseada.org](mailto:darwinoffice@timorseada.org) or [dilioffice@timorseada.org](mailto:dilioffice@timorseada.org).

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## Data Management Plans

Data Management Regulations in force under the *Petroleum (Submerged Lands) Act 1967* came into effect on Friday, 4 June 2004. Under the regulations, titleholders are required to develop agreed Data Management Plans (DMPs) to undertake offshore petroleum exploration and production activities.

A guide for the preparation of DMPs has been developed taking on board industry comments. It provides information and an example DMP to assist companies in meeting the requirements of the Data Management Regulations.

The DMP guide has been developed by the Petroleum Data Consultative Group, which includes industry interests and was recently submitted to the Upstream Petroleum Sub-committee (UPS) for formal endorsement. UPS comprises delegates of the Commonwealth and State/Northern Territory “petroleum” Ministers and reports to the Ministerial Council of Mineral and Petroleum Resources.

The guide will be published on the Geoscience Australia website shortly with a link on the Petroleum Legislation page of the DITR website, [www.industry.gov.au/petlegislation](http://www.industry.gov.au/petlegislation), under the Administrative Guidelines heading. Companies with questions on preparing DMPs are encouraged to contact the relevant State or Northern Territory Designated Authority.

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## Standardised administrative guidelines

A number of the *Petroleum (Submerged Lands) Act 1967* administrative guidelines have been recently updated. These include:

- Bid assessment criteria;
- Permit conditions and administration;
- Declaration of locations;
- Permits under cash bidding; and
- Access authorities, special prospecting authorities etc.

The purpose of the updates is to standardise format and style to reflect the current arrangements. **No policy changes have been introduced via these updates.** In addition, the permit conditions and administration guideline clarifies aspects of the existing good standing arrangements and suspension or extension conditions.

Several other guidelines remain to be revised and will be updated in the following months.

Revised guidelines are available on Petroleum Legislation links page on the DITR website, [www.industry.gov.au/petlegislation](http://www.industry.gov.au/petlegislation), under the Administrative Guidelines heading.

In addition, Geoscience Australia has posted the latest version of the guideline for reporting and submitting petroleum data on its website. This guide is also available through links on the DITR website as per above.

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## **Geoscience Australia News**

### ***Vlaming Sub-basin Re-processed Data***

The offshore Perth Basin re-processed seismic data, commissioned by Geoscience Australia as part of the new petroleum initiative, is now available. This data set of approximately 2000km is largely over the Vlaming Sub-basin. Previous exploration in this region has been hampered by seismic data being of insufficient quality to map potential traps or to accurately predict the distribution of sealing lithologies. The re-processing has significantly improved the quality of the data and it is hoped it will provide better definition of potential exploration targets through good resolution of structures and key stratigraphic intervals.

The data has been re-processed using Radon Demultiple and Kirchhoff Pre Stack Time Migration, final velocities were picked at 500 metre intervals. Final velocities, raw and final migrated stacks plus pre-stacked gathers are available.

The data is available at the cost of transfer and can be obtained through the Geoscience Australia Data Repository. Contact Paula Cronin at Geoscience Australia for more information, phone +61 2 62499 181, fax +61 2 62499 903 or email [paula.cronin@ga.gov.au](mailto:paula.cronin@ga.gov.au)

### ***Upcoming Geophysical Survey***

Geoscience Australia is planning to collect industry standard seismic data, which will be available at cost of transfer, over the Bremer Sub-basin, Mentelle Basin, and Vlaming Sub-basin in October and November 2004. Officers from Geoscience Australia, Barry Bradshaw and Fred Kroh, recently took the opportunity to visit companies located in Perth after a liaison meeting with colleagues at the Department of Industry and Resources, Western Australia. At these meetings, industry were advised on the logistics of the proposed survey and given the opportunity to provide feedback. Copies of this presentation will be available from the Geoscience Australia booth at the upcoming Eastern Australasian Basins Symposium (EABS) conference or can be obtained by contacting Jenny Maher at Geoscience Australia, phone +61 2 62499 896, fax +61 2 62499 980 or email [jenny.maher@ga.gov.au](mailto:jenny.maher@ga.gov.au)

## **Status of the Rewrite of the Petroleum (Submerged Lands) Act 1967 (Commonwealth) - Offshore Petroleum Bill 2004**

In December 2003, the Department of Industry, Tourism and Resources (DITR) released exposure drafts of the Offshore Petroleum Bill 2004 and associated Bills for industry comment. On 29 July 2004, DITR hosted a luncheon discussion on the rewrite of the Petroleum (Submerged Lands) Act at the 2004 AMPLA Conference in Fremantle.

The rewrite had its genesis in industry complaints to the effect that the Act is unwieldy and not very user-friendly, leading to a Federal Government commitment to rewrite the Act to reduce compliance costs for industry and governments.

DITR received very clear advice from the petroleum industry that, in the course of the rewrite, policy changes should be avoided. However, the Government is prepared to make non-controversial minor changes that amount to the rectification of anomalies or are otherwise in the industry's favour. However, major policy issues that have come to light during the rewrite will not be ignored; they will be reviewed later, with stakeholder input.

Industry concerns about the security of title and the potential for inadvertent policy changes have been taken into consideration and dealt with through a number of strategies. These include stakeholder consultation, identification in the explanatory memoranda of all intentional policy changes, the safety net provided by section 15AC of the *Acts Interpretation Act 1901*, the transitional provisions set out in Schedule 8 of the Bill and the provision for the Governor-General to make transitional regulations. There would also be a clear obligation on the Government to introduce an Amendment Bill after the rewrite to rectify any identified flaws that could not be dealt with by regulation.

The best practice drafting approach has been adopted, including extensive use of notes, headings, outlines, tables and maps. The approach, among other things, seeks to tease out different issues, unravelling complex compound sentences. Although the Bill is longer than the existing Act, the more noticeable increase in the number of pages is largely due to non-operative text and increased use of white space.

DITR and the legislative drafters are now preparing final exposure drafts of the Bill and associated Fees and Royalty Bills, taking into consideration comments received from stakeholders. The final drafts are currently expected to be ready for exposure shortly after the Federal election. A period of 3 months will be allowed for comments.

If you would like more information on the rewrite project please contact Mr Ilkka Aaltonen on (02) 6213 7972 or by e-mail: [ilkka.aaltonen@industry.gov.au](mailto:ilkka.aaltonen@industry.gov.au) .

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## **Australian Petroleum Statistics**

The June 2004 issue of the *Australian Petroleum Statistics* monthly publication is now available, containing statistics on petroleum production, refining, consumption, and stocks. This issue also contains the comparison of OECD petrol and diesel prices for the March quarter. 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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## **Staff changes**

After 5 years managing the Offshore Exploration Section of the Department, Chris Locke will be leaving for a position at the Australian Embassy in Tokyo. We will miss Chris and wish him all the best in his new job.

We welcome Bill Layer, currently Manager of the Resources Taxation Section, who will take over from Chris in September.

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## **Are you on our distribution list?**

If you or your colleagues would like to receive future annual Offshore Petroleum Exploration Acreage Releases on CD-ROM and/or be notified when new editions of this Newsletter are issued, simply forward your address, phone/fax and e-mail details to the e-mail address below.

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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# JPDA VACANT AREAS

