



An overview for applicants

Australia 2009

Release of Offshore Petroleum Exploration Areas



Australian Government
**Department of Resources,
Energy and Tourism**



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Copies are available from:

General Manager
Offshore Resources Branch
Resources Division
Department of Resources, Energy and Tourism
GPO Box 1564
CANBERRA ACT 2601
AUSTRALIA

Telephone: +61 2 6213 7928
Facsimile: +61 2 6213 7970
E-mail: petroleum.exploration@ret.gov.au
Website: www.ret.gov.au/petexp

Prepared by:
Offshore Exploration Section
Offshore Resources Branch



AN OVERVIEW FOR APPLICANTS

This book provides an introduction to the Australian Government framework for petroleum exploration, development and production in Australia.

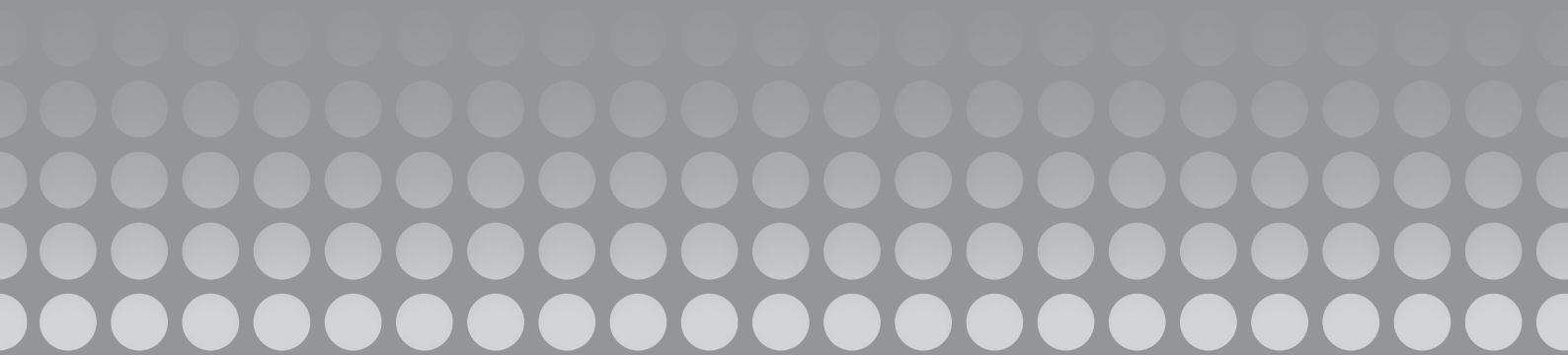
It has been prepared by the Exploration Section, Offshore Resources Branch in the Australian Government Department of Resources, Energy and Tourism (RET), in consultation with other Australian Government agencies and the resources Departments in the six States and the Northern Territory.

A wide range of contact details and information networks are provided to assist in accessing more detailed information on upstream petroleum matters in Australia.

Material contained in this handbook is part of the 2009 Offshore Petroleum Acreage Release Package, which is available on CD-ROM or at: www.ret.gov.au/petexp

The producers of this release package welcome any comments or suggestions on its content.

Requests for the CD-ROM and comments may be emailed to: petroleum.exploration@ret.gov.au





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AUSTRALIA – A GREAT PLACE TO LIVE AND EXPLORE

Australia's economic performance is among the best in the world and the outlook continues to remain bright.

Australian inward foreign direct investment stock reached A\$376.9 billion at the end of 2007, a 15.2% increase on 2006 and a 51.2% increase on 2002. On top of that, the *IMD World Competitiveness Yearbook* ranked Australia the most resilient economy in the world for six of the past seven years.

Indeed, with 17 years of uninterrupted economic growth, Australia's reputation as a highly competitive economy continues to strengthen. In 2008, the Australian economy was ranked in the top three countries in the Asia-Pacific region for its overall competitiveness, and among the countries with population of 20 million or more Australia ranks second, behind only the United States

While the resource sector is booming, Australia is now predominantly a services-based economy, with services accounting for almost 80% of economic activity.

Australia's diverse, multicultural society has a very high standard of living and a long-standing democratic culture based on the rights of the individual and the rule of law. It has a high degree of social harmony, is politically stable and enjoys a quality of life that is among the best in the world.

Australia is a highly cost competitive location, with high productivity, a stable business environment and access to highly skilled people and innovative technology.

The United Nations Conference on Trade and Development has reinforced Australia's performance with the finding that "Australia is the developed world's third most popular destination for transnational corporations establishing or relocating their headquarters".

As a 'window' to the Asia-Pacific region, the Australian business environment is highly regarded by the international business community. Building on its position in the region with a network of Free Trade Agreements (FTAs), Australia currently has FTAs in place with the United States, Singapore, Thailand, New Zealand and Chile and is also negotiating FTAs with China, Malaysia, Japan, the Gulf Cooperation Council (GCC) and the Association of South East Asian Nations (ASEAN).

With a regulatory framework that keeps pace with financial market developments, Australia possesses an internationalised currency, no foreign exchange controls, and a highly effective regime for intellectual property rights.





WHY EXPLORE FOR OIL AND GAS IN AUSTRALIA?

Resources exploration in Australia continues to enjoy very strong interest from local and global investors. The reason for this is clear – Australia is well endowed with high quality resources and a low sovereign risk political environment that inspires confidence in investment and development. High global oil prices, coupled with a strong market for liquid natural gas (LNG) in the Asia-Pacific region, provides an economic driver for an upswing in exploration in Australia. Increased demand for energy with the industrialisation of China and other emerging Asian economies underpins these market conditions. Australia's geographic location ensures it is well placed to meet the rapidly expanding energy needs of the Asia-Pacific region. The exploration success of significant deepwater discoveries is also contributing to the lively bidding for acreage.



Australia possesses many proven, world-scale petroleum bearing basins. Production in 2007-08 was 440,000 barrels of crude oil and condensate a day with the vast majority of this coming from offshore areas. In 2008-09 Australia's crude oil and condensate production is forecast to total 460,000 barrels per day. However, much of the continent and its offshore areas remain unexplored. Over 40 onshore and offshore basins await in-depth exploration to determine their full potential. Encouraging exploration in these areas is a high priority for the Australian Government.

The extent of exploration drilling in Australia is relatively low compared with other regions in the world. Australia has about 16 million square kilometres of onshore and offshore sedimentary basins and by the end of 2006 over 9,700 exploration and development wells had been drilled over these basins. In comparison over 60,000 wells have been drilled in the Gulf of Mexico – an area smaller than the Carnarvon Basin off the north-west coast of Australia. By any measure, Australia is under-explored.

The existence of world-class gas discoveries plus recent medium sized oil discoveries show that offshore Australia is highly prospective for petroleum; in fact Australia has a reputation for being gas prone. About 92% of Australia's oil and 86% of gas production is from offshore resources located in Bass Strait, the North West Shelf and the Timor Sea. It is also in the offshore areas that most of the undiscovered resources are thought to exist.

Some of the attributes which make Australia attractive for petroleum exploration include:

- extensive opportunities to explore in prospective basins;
- the regular release of new exploration acreage covering a range of regions from mature to frontier;
- access to free or low cost comprehensive, high quality geoscientific databases;
- expanding physical infrastructure, sophisticated technical and services support, and a highly educated workforce and pool of skilled petroleum professionals;
- an internationally competitive profit-related tax system that recognises the risks of exploration;
- proximity to markets in the growing economies of Asia-Pacific;
- continuing government initiatives supporting geoscientific mapping of geological features, petroleum occurrences, resources, and tenement boundaries;
- an attractive policy and legal framework for oil and gas development, conducive to companies of all sizes;
- security of title with the right to retain and/or develop a discovery, subject to meeting the specified terms of a retention lease or a production licence;
- transparent, predictable and practical regulatory requirements covering all stages of operations;
- a free market philosophy which welcomes foreign companies – Australia has no mandatory local equity requirements and has no government owned oil companies;
- government facilitation of proposed projects, including fast-tracking of approvals processes for major projects;
- an open and competitive economy, including deregulated banking and foreign exchange arrangements and a sophisticated capital market; and
- a good record of industrial harmony.



AUSTRALIA – A RESOURCE RICH NATION

Australia has an enviable history in the successful development of its abundant natural resources.

Australia's export earnings from mineral and petroleum resources rose to a record A\$120 billion in 2007-08, an increase of 11.6% over the previous year. This strong performance reflects higher export prices across almost 85% of all minerals and energy commodities exported, along with increased export volumes for just over half. (Source: ABARE's *Australian Commodities Report June 2008 Quarterly Report*)

There is high potential for further large discoveries of both oil and gas. Offshore exploration began in earnest in the late 1960s and Australia still remains under-explored. Our vast sedimentary basins hold significant opportunities for exploration success and there are many reasons for petroleum exploration and development companies to participate in these opportunities.

Table 1 below sets out Australia's estimated petroleum resources, highlighting Australia's potential as a producer of both oil and gas.

Table 1: Australia's Estimated Petroleum Resources

	Economic Demonstrated Resources ¹	Sub-economic Demonstrated Resources ²
Crude Oil (million barrels)	1,087	604
Condensate (million barrels)	1,624	918
LPG (million barrels)	1,347	490
Sales Gas (trillion cubic feet)	86	67

1. Economic Demonstrated Resources are resources judged to be economically extractable and for which the quality and quantity are computed partly from specific measurements, and partly from extrapolation for a reasonable distance on geological evidence.

2. Sub-economic Demonstrated Resources are similar to Economic Demonstrated Resources in terms of certainty of occurrence and although considered to be potentially economic in the foreseeable future, these resources are judged to be sub-economic at present.

Source: Estimates as at 1 January 2006 published in the *Oil and Gas Resources of Australia 2005* (in accordance with the McKelvey classification), by Geoscience Australia, 2007.

Exports of oil and gas are valued at over A\$21 billion for 2007-08. Australia is currently around 70% self sufficient in the primary production of crude oil and completely self sufficient in the production of natural gas. Australia has traditionally produced premium quality light 'sweet' crudes, low in sulphur, vanadium and nickel contaminants, while containing a high proportion of components suitable for the production of light fuels such as petrol, diesel, kerosene and jet fuel. Given its high quality, Australian crude oil has traditionally commanded premium prices on international markets.

Table 2: Petroleum Production in Australia – Financial Year 2007-2008

Crude Oil (million barrels)	Condensate (million barrels)	LPG (million barrels)	Natural Gas ¹ (million cubic metres)
177.25	43.44	24.98	39,293

1. Commercial sales plus field and plant usage.

Source: *Australian Petroleum Statistics*, Issue No. 143, June 2008, published by the Resources Division, Department of Resources, Energy and Tourism, Canberra.

Table 3 shows the internationally benchmarked US Geological Survey (USGS) World Petroleum Assessment (2000), representing the oil and gas likely to be discovered in Australia's major offshore hydrocarbon bearing basins.

Table 3: Assessment of Australia's Undiscovered Resources of Crude Oil, Gas and Condensate

	Unit	Probability		
		95%	Average	5%
Crude Oil	million barrels	1,577	5,030	9,846
Condensate	million barrels	1,740	6,035	11,870
Gas	trillion cubic feet	33	114	228

The extent of exploration drilling in Australia is relatively low compared with other regions in the world. By the end of 2007, over 9,700 exploration and development wells had been drilled in Australia's vast onshore and offshore areas (see Table 4), about 16 million square kilometres of sedimentary basins.

Table 4: Total of Petroleum Exploration and Development Wells Drilled in Australia up to 31 December 2007

	Exploration	Development	Total
Onshore	4,864	2,416	7,280
Offshore	1,584	888	2,472
Total	6,448	3,304	9,752

Source: Geoscience Australia, 2008.

In 2007, 62 exploration wells were drilled in offshore Australian waters. Table 5 shows the new field wildcat success rates for 2004 to 2007

Table 5: New Field Wildcat success rates 2004-2007

	Onshore	Offshore	Combined On/Offshore
2004	1:18	1:2.4	1:1.9
2005	1:3.3	1:2.4	1:2.8
2006	1:2.7	1:2.8	1:2.7
2007	1:3.2	1:3.8	1:3.4

Source: Geoscience Australia, 2008.

There have been continuing discoveries and development of both oil and gas in offshore Australia (see Table 6). About 92% of Australia's oil and 86% of gas production is from offshore resources located in Bass Strait, the North West Shelf and the Timor Sea. It is in the offshore areas that most of the undiscovered resources are thought to exist.

Table 6: Successful Offshore Petroleum Wells 2004 – 2007

Basin & Adjacent Area	Year	Well	Operator	Discovery
Bonaparte Basin				
Ashmore Cartier	2004	Katandra 1A	OMV	Oil
	2005	Vesta 1	Eni	Gas
Northern Territory	2005	Caldita 1	ConocoPhillips	Gas
	2006	Evans Shoal South 1	Santos	Gas
	2006	Barossa 1 ST1	ConocoPhillips	Gas
Bass Basin				
Tasmania	2004	Trefoil 1	Origin Energy	Gas & Condensate
Gippsland Basin				
Victoria	2004	Moby 1	Bass Strait O & G	Gas
	2004	Grayling 1A	Apache	Gas
	2006	Culverin 1	Nexus	Oil
Otway Basin				
Victoria	2004	Martha 1	Santos	Gas
	2005	Henry 1	Santos	Gas
	2005	Halladale 1 DW1	Origin	Gas
	2005	Halladale 1 DW2	Origin	Gas
Carnarvon Basin				
Western Australia	2004	Altostratus 1	Strike Oil	Oil
	2004	Boojum 1	Tap	Gas
	2004	Eskdale 2	BHPBilliton	Oil & Gas
	2004	Harrison 1	BHPBilliton	Oil
	2004	Monet 1	Apache	Oil
	2004	Stickle 1	BHPBilliton	Oil
	2004	Wheatstone 1	ChevronTexaco	Gas
	2004	Gungurru 1	Apache	Oil & Gas



Table 6: Successful Offshore Petroleum Wells 2004 – 2007 (continued)

Basin & Adjacent Area	Year	Well	Operator	Discovery
Carnarvon Basin				
Western Australia	2005	Albert 1	Apache	Oil
	2005	Artreus 1	Strike Oil	Oil
	2005	Hurricane 1	Santos	Gas
	2005	Falcone 1A	Woodside	Gas
	2005	Pluto 1	Woodside	Gas
	2005	Lauda 1	OMV	Oil
	2005	Romulus 1	Apache	Oil
	2005	Remus 1	Apache	Oil
	2005	Mohave 1	Apache	Oil
	2005	Highgrove 1	Apache	Gas
	2005	Kultarr 1	Apache	Gas
	2005	Jane 2	Apache	Oil & Gas
	2006	Clio 1	Chevron	Gas
	2006	Chandon 1	Chevron	Gas
	2006	Libris 1 ST1	Pan Pacific	Oil
	2006	Gobi 1	Apache	Oil
	2006	South Gibson 1	Apache	Oil
	2006	Amulet 1	Tap	Oil
	2006	Pemberton 1	Woodside	Gas
	2006	West Cycad 1	Apache	Oil
	2006	Zephyrus 1	Apache	Oil
	2007	Julimar 1	Apache	Gas
	2007	Brocket 1	Apache	Oil
	2007	Thebe 1	BHPBilliton	Gas
	2007	Fletcher 1	Santos	Oil
	2007	Brunello 1	Apache	Gas
Perth Basin	2007	Dunsborough 1	Roc Oil	Oil & Gas
	2007	Frankland 1	Roc Oil	Gas
	2007	Perseverance 1	Roc Oil	Gas

Source: Geoscience Australia, 2008.

The Australian petroleum industry is entrepreneurial, innovative and has achieved significant success as recent development projects under consideration show (Table 7). It is made up of a number of small, medium and large companies, many of whom operate on the international scene. Australia's modern legal framework, petroleum tenement system, favourable taxation regime and economic environment explain Australia's consistent high ranking in international investment surveys.





Table 7: Offshore Petroleum Development Projects

Project	Oil/Gas	Basin	Operator	Capex (\$Aus)	Status
Victoria					
Basker/Manta/Gummy	oil/gas	Gippsland	Anzon	\$800m	Construction
Henry	gas	Otway	Santos	\$275m	Construction
Kipper	gas	Gippsland	ExxonMobil	\$2,200m	Committed
Longtom	gas	Gippsland	Nexus	\$360m	Construction
Western Australia					
Browse Gas Project	gas	Browse	Woodside	\$10,000m+	Consideration
NWS Western Flank Gas	gas	Carnarvon	Woodside	[\$1,500m]	Deferred
NWS Western Flank Oil	oil	Carnarvon	Woodside	[\$700m]	Deferred
Egret	oil	Carnarvon	Woodside	\$193m	Consideration
Gorgon	gas	Carnarvon	Chevron	\$11,000m+	Consideration
Ichthys LNG project	gas	Browse	Inpex	\$20,000m	Consideration
Julimar	gas	Carnarvon	Apache	\$1,370m	Appraisal
Macedon	gas	Carnarvon	BHP Billiton		Consideration
Maitland	gas	Carnarvon	Apache		Appraisal
North Rankin B	gas platform	Carnarvon	Woodside	\$3,000m	Consideration
Persephone	gas	Carnarvon	Woodside		Consideration
Perseus over Goodwyn	gas	Carnarvon	Woodside	\$800m	Construction
Pluto	gas	Carnarvon	Woodside	\$12,000m	Construction
Prelude	gas	Browse	Shell		Consideration
Pyrenees	oil	Carnarvon	BHP Billiton	\$2,000m	Committed
Reindeer	gas	Carnarvon	Apache	\$560m	Committed
Scarborough/Pilbara LNG	gas	Carnarvon	BHP Billiton	\$5,000m	Consideration
Van Gogh	oil	Carnarvon	Apache	\$606m	Construction
Wanaea Cossack Lambert Hermes infill drilling	oil	Carnarvon	Woodside	\$100m	Construction
Wheatstone	gas	Carnarvon	Chevron	\$10,000m	Consideration
Woolybutt expansion	oil	Carnarvon	Eni	\$180m	Construction
Northern Territory					
Crux	condensate	Bonaparte	Nexus	\$643m	Consideration
Tassie Shoal Methanol	gas	Bonaparte	MEO Australia	\$1,200m	Consideration
Timor Sea LNG Project	gas	Bonaparte	MEO Australia	\$1,000m	Consideration
Greater Sunrise	gas	Bonaparte	Woodside	\$6,000m	Consideration
Montara/Skua Swift	oil	Bonaparte	Coogee	\$588m	Construction
Puffin expansion	oil	Bonaparte	AED	\$300m	Construction



REALISING AUSTRALIA'S PETROLEUM POTENTIAL

In recent years there have been significant oil discoveries in offshore Australia. These medium sized fields are quickly being monetised, making use of Australia's world class infrastructure and skills set. In 2006-07 a number of new oil projects such as Puffin (Bonaparte basin), Basker-Manta-Gummy (Bass Basin), Enfield (Carnarvon Basin), Cliff Head (offshore Perth Basin) and Stybarrow (Carnarvon Basin) came into production.

New conventional oil projects that are anticipated to come on stream in the near future include Vincent and Pyrenees (Carnarvon Basin), Swift/Skua and Montara (Bonaparte Basin).

Over the last 20 years, the natural gas industry has grown from a relatively small base to being Australia's third primary energy source after coal and oil, accounting for 19% of domestic energy demand. The gas industry has strong growth potential, particularly in the industrial, minerals processing and electricity generation sectors. Australia's exports of Liquefied Natural Gas (LNG) are expected to increase substantially in the next few years.

Global and domestic demand for natural gas is likely to continue to increase as a result of economic growth and the attractiveness of gas as an abundant and low emission transition fuel in a carbon constrained future.

Australia is in an excellent position to meet the projected strong future demand in Asia and North America for LNG. The Pluto Project is in construction with first LNG expected in 2010. Projects in the planning stage including Ichthys, Gorgon, Browse, Wheatstone, Prelude, Pilbara and Greater Sunrise have the potential to increase production to over 80 million tonnes per annum (mtpa) – almost four times current capacity. Major international companies are also moving to realise the potential of coal seam methane as a feedstock for LNG for export, with several projects under consideration in onshore Queensland. This would be a world first use of this source of gas for LNG export.

Australia has an outstanding record of successful development of gas projects and a reputation as a reliable LNG exporter. Australian LNG projects have a proven record of providing reliable supply, with over 2,300 incident free shipments being sent since 1989. In 2007-08, Australia exported 14.75 million tonnes of LNG worth around A\$5.8 billion.

Utilising the large quantities of natural gas found on Australia's North West Shelf, Australia has developed a world class LNG export facility. The North West Shelf project currently supplies approximately 7% of world LNG trade and 11% of the Asian LNG trade. The North West Shelf Venture's fifth LNG train was commissioned in late 2008 to take the Venture's total LNG production capacity to 16.3 mtpa.

The majority of North West Shelf LNG is exported to Japan under long term contracts for use in power generation and for industrial, commercial and domestic heating. In 2006, the North West Shelf began supplying up to 3.9 mtpa of LNG to Guangdong in southern China under a 25 year contract. The North West Shelf also supplies 0.5 mtpa of LNG to South Korea.

The Bayu-Undan gas development, located in the Timor Sea Joint Petroleum Development Area supplies gas to Australia's second LNG plant, Darwin LNG. ConocoPhillips, operator of the Bayu-Undan project and Darwin LNG, began supplying Tokyo Electric Power and Tokyo Gas with 3 mtpa of LNG under a 17 year contract in early 2006.

Australia continues to add to its large reserves of natural gas, particularly off Australia's north western coast, where at least four major projects are seeking to take advantage of the growing world LNG demand. As a large user of natural gas, gas to liquids technology also offers Australia a potential opportunity to further commercialise its large gas reserves.

Over the past two decades, the gas market in Australia has matured and consumption growth has slowed. Australia's primary gas consumption has increased from 688 PJ in 1989-90 to 1158PJ in 2006-07, an average growth rate of 2.7%.

Significant expansion and integration of Australia's domestic gas transmission and distribution network in recent years, particularly in south eastern Australia, has facilitated growth in established gas markets and introduced gas into new regional centres (see following map). This is enhancing basin-on-basin competition in the supply of gas that will be beneficial to gas consumers and encourage the development of new industries as well as increase opportunities to commercialise gas discoveries.

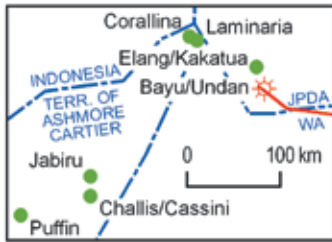
The Blacktip field, located in the Northern Territory, is being developed by Italian company Eni is expected to start up in late 2009. Eni has signed an agreement with the Darwin Power and Water Utility to supply of a total amount of 20 billion cubic meters of gas from Blacktip for a 25 year period. Blacktip gas will be piped ashore near Wadeye to a pipeline that will connect with the existing South-North gas pipeline to Darwin.

A pipeline linking Victoria and South Australia is delivering gas from new projects in the Otway and Bass Basins to western Victoria and South Australia and increasing security of gas supply to these States. In addition, other pipelines are under consideration to facilitate the commercialisation of coal seam gas resources in onshore Queensland and New South Wales.

These pipeline projects will further integrate the pipeline network and enable gas from new upstream developments to be transported to domestic gas markets. A detailed map of Australia's pipeline infrastructure is shown on page 9.



Inset A: Bonaparte Basin



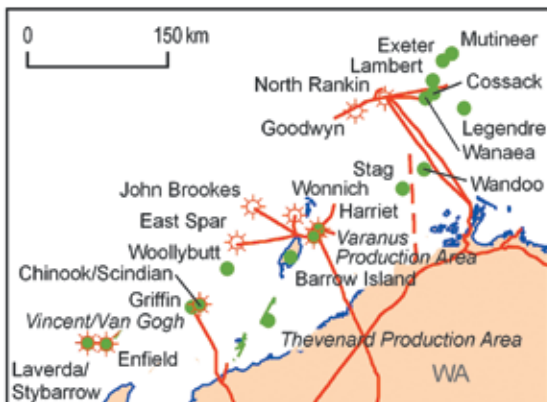
See Inset A

See Inset B

- Major Oil fields
- Major Gas fields
- Oil pipeline
- Gas pipeline
- Proposed oil pipeline
- Proposed gas pipeline
- State boundary
- Scheduled area boundary (OPA 2006)
- Oil production
- Gas production
- Oil and Gas production



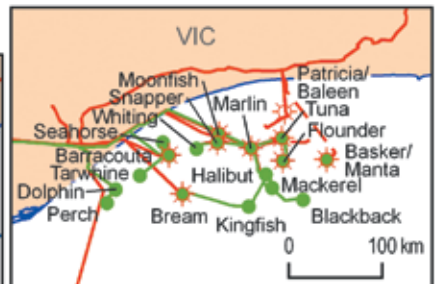
Inset B: Carnarvon Basin



Inset C: Otway Basin



Inset D: Gippsland Basin





ROLES AND RESPONSIBILITIES OF GOVERNMENT

Under Australian law, rights to petroleum are owned or held by governments but assigned to private interests under arrangements set out in legislation.

Australian governments neither undertake petroleum projects nor engage in commercial petroleum exploration or development. The private sector initiates exploration and development; the government's roles in relation to the petroleum sector are to:

- establish the macroeconomic environment (broad economic policy);
- provide a regulatory framework for exploration, development, safety, environmental assessment and revenue collection;
- reduce commercial risk in petroleum exploration by collecting and disseminating geoscientific information; and
- investigate ways to remove impediments to industry competitiveness.

In the Australian federal system, both the national government (the Australian Government) and the State and Territory governments have important roles affecting petroleum exploration and development:

- the Australian Government is responsible for broad economic policy and international matters, including personal and company income tax, interest rates, the overall level of government spending, foreign investment guidelines, trade and customs, commercial corporations and international agreements;
- beyond the coastal waters (seaward of the first three nautical miles of the territorial sea) to the outer limits of Australia's continental shelf, petroleum rights are held by the Australian Government, but day-to-day administration is carried out jointly with the relevant adjacent State or Territory; and

- onshore and in coastal waters (effectively the first three nautical miles from the coastline), the States and Territories own and allocate petroleum rights, administer petroleum operations, including occupational health and safety, and collect royalties on petroleum produced.

Because of their shared interest in the contribution of the petroleum sector to national economic wellbeing, the Australian and State and Territory governments hold regular formal consultations, through the Ministerial Council on Mineral and Petroleum Resources. They do this with a view to ensuring coordination of policy and regulatory requirements in a wide range of areas, as described later in the next section.

Petroleum exploration and development in the Timor Sea Joint Petroleum Development Area (JPDA) is governed by a Treaty which came into force on 2 April 2003 (further details are available in the "Timor Sea Joint Petroleum Development Area" chapter of this publication). Acreage in the JPDA is managed by the Designated Authority, within the Timor-Leste National Petroleum Authority, and conditions vary from the administrative arrangements described elsewhere in this publication.





PETROLEUM LAW IN AUSTRALIA

The legal framework within which petroleum exploration and development activity takes place in Australia is a result of certain agreements and the division of responsibilities between the Australian Government and the State/Northern Territory (NT) Governments under the Australian Constitution.



Offshore petroleum operations beyond coastal waters are governed by Commonwealth legislation known as the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGSA). Within this legal framework, the Australian Government and the States/NT jointly administer and supervise industry activities through a Joint Authority arrangement. Each Joint Authority comprises the Australian Government Minister and the relevant State/NT Minister. In addition, the OPGGSA makes the relevant State/NT Minister responsible for most day-to-day administration.

The legislation provides for orderly exploration for and development of petroleum resources, and sets out a basic framework of rights, entitlements and responsibilities of governments and industry.

The key matters covered in the legislation are:

- issue of invitations to apply for exploration permits;
- issue of permits to successful applicants, and determination of conditions of the title;
- granting of retention leases over discoveries that are not currently commercial but are expected to become commercial within 15 years;
- granting of production and pipeline licences;
- granting of infrastructure licences for various processing activities;
- renewal of titles (where appropriate); and
- approval of applications for the registration of legal transactions, including farm-ins and transfers of titles, preparation and issue of special prospecting authorities, access authorities, consents for scientific investigations, variations of title conditions, exemption from title commitments, cancellation of titles for non-compliance with the conditions of the title.

Exploration permits are issued under a work program bidding system.

Except for environmentally sensitive areas (such as the Great Barrier Reef Marine Park), petroleum operations are permitted on most parts of the continental shelf. Operations must comply with the requirements and standards set by law, and factors such as navigation, defence, fisheries and environment are carefully considered, particularly where petroleum production is proposed. Each petroleum operation is submitted for the relevant Designated Authority's approval, in consultation with Commonwealth agencies.

Additional information on matters coming within the Australian Government's responsibilities for offshore exploration and development is set out in:

- the OPGGSA ('the Act'), the associated Explanatory Memoranda and Second Reading Speeches;
- the Regulations issued under the Act (notably in relation to management of the environment, data management, safety, pipelines and diving);
- a Schedule of Directions issued under the Act – "Specific Requirements as to Offshore Petroleum Exploration and Production";
- the *Offshore Petroleum (Annual Fees) Act 2006* and Regulations;
- the *Offshore Petroleum (Registration Fees) Act 2006* and Regulations;
- the *Petroleum Resource Rent Tax Act 1987* and company taxation legislation; and
- any Guidelines issued to assist with the administration of the legislation.



Most of these documents can be viewed at:
www.ret.gov.au/resources/upstream_petroleum/

Before the OPGGSA came into effect in 2008, the *Petroleum (Submerged Lands) Act 1967* (PSLA) and associated Acts governed petroleum activities in offshore areas. The PSLA was rewritten to simplify the presentation of the legislation after more than 40 years of operation and amendments. The intention of the OPGGSA, which was proclaimed on 1 July 2008, is to improve user friendliness and reduce compliance and administrative costs, without making any major policy changes or changes to the current management regime.

Additional information in relation to offshore petroleum Legislation and Regulations is available at:
www.ret.gov.au/petlegislation

For further information contact:

General Manager
Offshore Resources Branch
Resources Division
Department of Resources, Energy and Tourism
GPO BOX 1564
CANBERRA ACT 2601 AUSTRALIA

Telephone: +61 2 6213 7978
Facsimile: +61 2 6213 7970
E-mail: petroleum.exploration@ret.gov.au

In Australia's onshore areas and within coastal waters, petroleum operations are governed by the legislation of States and Territories. A two-stage system of exploration permit and production licence has generally been adopted. However, the minimum area, initial term of the permits, and charges and royalties levied vary from State to State.

Further information on matters in areas of State/NT responsibilities can be obtained from the relevant State or NT Mines Department – see Appendix B.

Regulations

The Australian Government has reviewed all Regulations in effect under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* in order to reduce overlap and duplication in the current regulations and to streamline reporting requirements for the petroleum industry. The Government has now commenced implementation of amended Regulations with this process to be completed by the end of 2009.



OFFSHORE PETROLEUM TITLES

Petroleum industry activities in Australia, beyond coastal waters, are governed by Commonwealth legislation – the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*. Please refer to the previous section regarding the future of this legislation.

This Act enables areas to be released for the purpose of petroleum exploration. Government policy is to release exploration areas on an annual basis with two closing bid rounds. Areas released are notified in the relevant Australian or State/Northern Territory (NT) Government Gazette and a comprehensive information package is made available on CD-ROM and on the Departmental website: www.ret.gov.au/petexp/. Areas are made available under the work program bidding system.

The legislation currently makes provision for five types of title to be granted to companies:

- exploration permits – provide exclusive rights to undertake seismic surveys and drilling in a defined area;
- retention leases – granted to holder of exploration permit, where a discovery is not currently commercial but is expected to become so within 15 years;
- production licences – granted to holder of exploration permit or retention lease, for the recovery of petroleum following a commercial discovery;
- infrastructure licences – granted to enable the construction of offshore facilities for the storage and processing of petroleum; and for the construction of facilities for the recovery of petroleum in areas outside a production licence; and
- pipeline licences – granted for the transport of petroleum by pipeline between facilities or to processing plants.

A list of fees relating to the above titles is at Appendix F.

In areas not covered by titles, companies may be granted a special prospecting authority to undertake seismic or other geophysical or geochemical survey work. This is a non-exclusive right to examine an area prior to the invitation for applications for an exploration permit. A special prospecting authority over an area does not provide any rights in relation to the award of an exploration permit. All operations require specific approval before the activity commences. Applications should be made to the relevant State/NT office (see [Appendix B](#)).



Exploration Permits

Prospective offshore acreage released each year is made available for bidding under a work program bidding system.

Under the work program bidding system, an applicant is required to propose an exploration program over six years. The first three years of the program is known as the “minimum guaranteed work program”, and all program components in the first three years must be completed to avoid cancellation of the permit. The applicant also identifies a “secondary” work program to cover the final three years of the permit. This secondary work is guaranteed on a yearly basis which provides a greater degree of flexibility for the permittee.

All applications are assessed against the selection criteria by a panel of officials representing the relevant Joint Authority. The basic objective in awarding any exploration permit is to select the work program bid most likely to significantly advance the exploration status of the area. For further information on the selection criteria and assessment process please refer to *2009 Guidance Notes for Applicants* publication which is also available online at:

www.ret.gov.au/petexp/

Exploration permits are issued for an initial term of six years, and in most circumstances may be renewed for a further two terms each of five years (some existing permits can be renewed more than twice). At each renewal 50% of the permit area must be relinquished. Special provisions apply to permits with six or fewer graticular blocks and permits of only one block cannot be renewed.

While there is also provision for a cash bidding system within the OPGGSA, this has not been used since 1992 and is contrary to current Australian Government policy.

Production Licences, Infrastructure Licences, Pipeline Licences and Retention Leases

Upon making a petroleum discovery, a permittee must notify government giving details of the discovery. The permittee must identify the block or blocks covered by the area of a discovery.

A location is declared over the discovery and the permittee may undertake further exploration and/or appraisal activities within the location blocks to determine more accurately the nature of the discovery. The permittee may also apply to vary the size of the location, or even to have the location revoked, if the discovery is thought to be ultimately non-commercial.

If the discovery is considered by the permittee to be commercial, the permittee may apply for a production licence. The permittee has two years after the declaration of a location (or a possible further two years in special circumstances) in which to apply for a production licence, and provide details of development proposals for the area. Production licences are issued for the duration of production plus a period of five years.



If a permittee makes a non-commercial discovery that is likely to become commercially viable within the next 15 years, an application may be made for a retention lease rather than a production licence. As with a production licence, the permittee has two years (or a possible further two years in special circumstances) after declaration of the location in which to apply for a retention lease, and provide an assessment of the commercial prospects of development.

Retention leases are issued for five years, with renewal periods of five years. At the time of application for a grant and at each renewal of a retention lease, the lessee must demonstrate that the discovery is not currently commercially viable, but is likely to become commercially viable within the next 15 years.

Where a location is not revoked and if the permittee does not apply for a production licence or a retention lease within the specified time, the exploration permit in respect of the blocks covered by the location will be terminated.

Where production facilities require a pipeline to transport petroleum to shore or other facilities, a pipeline licence will be granted indefinitely. But it may be terminated if no construction occurs or it is not used for a continuous period of at least five years.

An infrastructure licence enables a company to carry out certain petroleum activities, such as conversion of gas to LNG or methanol, or to store and process petroleum. It also allows a company to utilise infrastructure which lies outside the licence area.

Titleholders' Obligations

The legislation provides that all titleholders must carry out operations according to good oilfield practice, including carrying out operations in a manner which is safe and prevents the escape of petroleum into the environment. In order to retain title, conditions of work must be met and annual rental fees paid. Additional information on matters relating to the Australian Government's offshore petroleum legislation is contained in:

- the OPGGSA, as amended from time to time, the associated Explanatory Memoranda and Second Reading Speeches;
- the Petroleum (Submerged Lands) Regulations (notably on Environment, Fees, Diving, Safety, Pipelines, Data Management and Well Operations) which remain valid under the OPGGSA;
- a Schedule of Directions issued under the Act – "Specific Requirements as to Offshore Petroleum Exploration and Production" which also remain valid under the OPGGSA; and
- administrative guidelines issued to assist with the administration of the legislation.

These documents can be viewed on the website at:
www.ret.gov.au/resources/upstream_petroleum/

Prospective applicants should also be aware of the Special Notices that are set out in the *2009 Guidance Notes for Applicants*.

This document can be viewed on the website at:
www.ret.gov.au/petexp

For further information on petroleum exploration and development matters contact petroleum.exploration@ret.gov.au



ANNUAL OFFSHORE PETROLEUM EXPLORATION ACREAGE RELEASE PROCESS

Offshore petroleum exploration acreage is released annually by the various Australian Government – State/NT Joint Authorities. This is a key part of the Australian Government's strategy to encourage petroleum exploration.

The annual release of acreage for petroleum exploration enables longer term planning for the industry, certainty in the release process, access to comprehensive geological and geophysical data on CD-ROM and the website, and high quality information about issues that may impact on successful applicants.

If you wish to be notified by E-mail when new editions of the *Australian Petroleum News* are posted to the website and/or be sent a CD-ROM of the acreage release information package, please E-mail your request and contact details to: petroleum.exploration@ret.gov.au

To ensure that bidders are aware of the rights and interests of others in the release areas, both the Australian Government and States/NT consult respectively with Australian and State/NT agencies that have responsibilities or interests in offshore areas. These agencies cover environment, fisheries, defence, maritime safety, communications, and native title interests. The responses from these agencies are assessed by the Department of Resources, Energy and Tourism.

Potential applicants are advised of titleholder obligations and the rights and interests of others (both in general and for specific areas) in the Special Notices section of the *2009 Guidance Notes for Applicants*. Successful applicants are responsible for incorporating these notices into their work program timeframe and for consulting with the relevant bodies prior to undertaking exploration activities.



The main steps of the release process are:

- nominations of areas to be considered for the next release package are sought during June/October (third quarter of each year) through the *Australian Petroleum News*;
- the shortlisted areas proposed for release are advised to industry through the *Australian Petroleum News* around late November or early December;
- the annual release announcement generally coincides with the Australian Petroleum Production and Exploration Association (APPEA) Conference, normally in March or April;
- on release of the areas, companies have either six or twelve months to prepare their bids, depending on the closing date for a particular release area;
- within two months of a bid closing date, areas that do not attract a bid are generally re-released. Re-released areas are advertised in the *Australian Petroleum News* and are available until the next bid closing round; and
- information seminars on the release areas are held at domestic and international promotions venues (the venues are advised through the *Australian Petroleum News*).



GOVERNMENT GEOSCIENCE SUPPORT

The Australian Government recognises the importance of providing quality geoscientific information to assist in exploration of these resources.

On 14 August 2006 the Australian Government announced new program funding of A\$134 million for Geoscience Australia as part of the Government's new energy initiative. Of this, A\$76.4 million is being used to ensure that the global exploration industry has continued access to further up-to-date pre-competitive data over Australia's vast offshore areas. The funding covers the period 2006-2011 and is for an expanded program to focus on new frontier offshore areas prioritised in consultation with the industry. An additional A\$59 million over five years has been allocated to identify potential onshore energy sources such as petroleum and geothermal energy.

This new funding builds on the A\$61 million previously provided by the Government to Geoscience Australia for pre-competitive data acquisition and remastering of existing seismic data for use in acreage release areas. Public access to exploration and production data in Australia includes digital seismic tapes, well reports and core and cuttings samples from wells. These public data sets are available at the cost of transfer, after a relative brief confidentiality period.

Borrowing of data is becoming increasingly more attractive for explorers, with levels sharply rising. The period between July 2007 and June 2008 has produced figures in excess of 200 terabytes of data from the Geoscience Australia archive. This data comprises of seismic and wells data, and workstation ready packages for the 2007 and 2008 Acreage Release areas in Kingdom, Landmark and Geoframe formats.

Australian Government funding has also enabled Geoscience Australia to undertake an integrated program of seismic acquisition, geological sampling and oil-seep detection surveys over remote and untested frontier basins. This petroleum initiative has increased understanding of these areas and provided pre-competitive data and information to reduce geological uncertainties in evaluation of petroleum prospectivity. An outcome of this program has been the uptake of new exploration permits in the frontier areas of the Bremer sub-basin in the western Great Australian Bight and the northern Arafura Basin, offshore northern Australia. Areas where data has been recently acquired will be used to determine future Acreage Release areas for exploration.

Details of the new pre-competitive geological and geophysical data collection work programs are available from the Geoscience Australia website: www.ga.gov.au/about/corporate/#program. Data sets are available for the Arafura Basin and the Central North West Shelf of Northern Australia; the Mentelle, Perth, and Bremer basins of Western Australia; and the Faust, Capel and Fairways Basins of the Tasman Sea, including 5,900 kilometres of new 2D seismic data collected with an 8 kilometres cable.

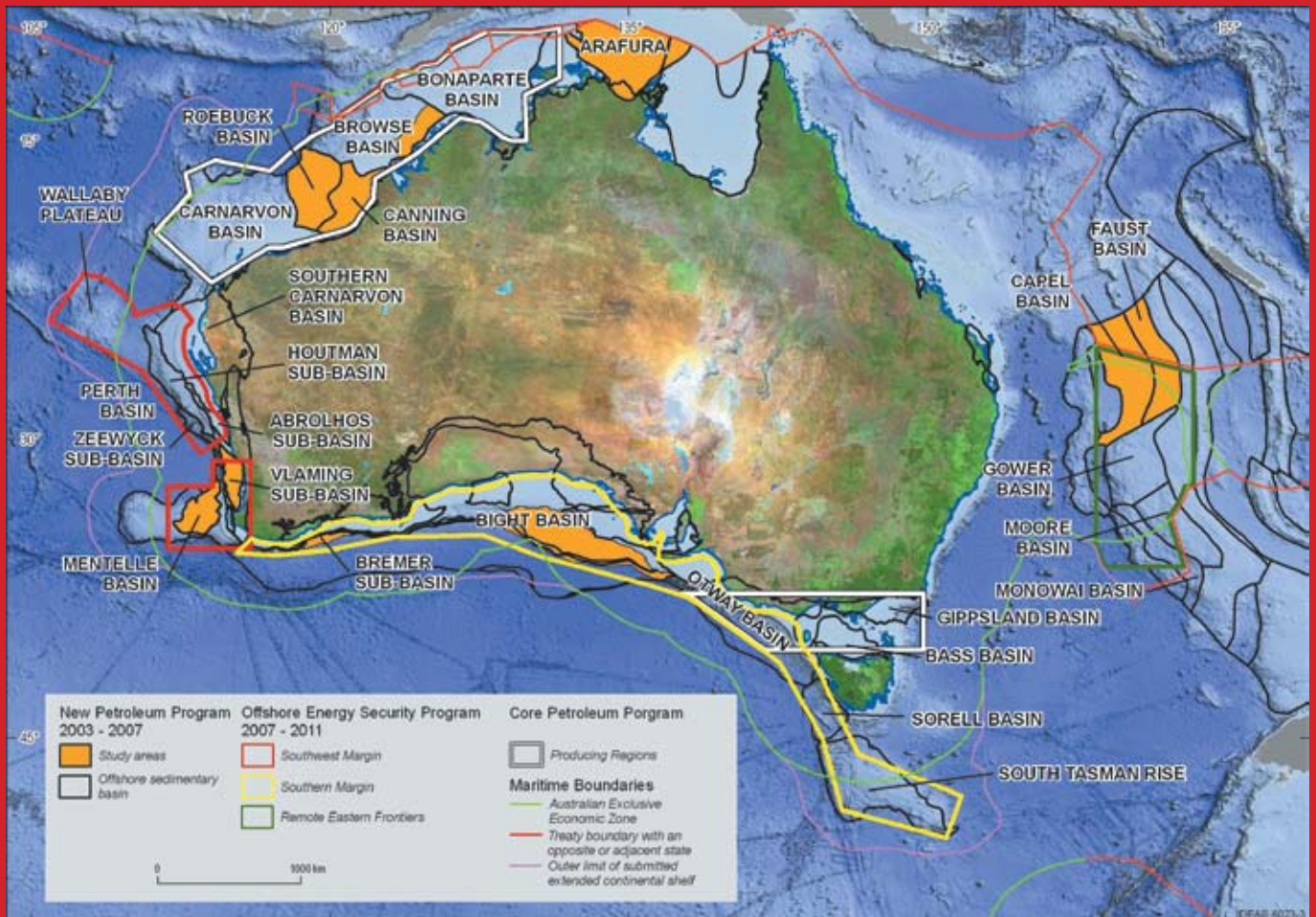
The program of new data acquisition and basin analysis is continuing with renewed and increased funding until 2011. Geoscience Australia plans to obtain extensive new pre-competitive geophysical and geological data for its Offshore Energy Security Program during 2008-09, at a cost of approximately A\$17 million.

Geoscience Australia's work program in under-explored offshore areas will focus on the southwest margin, including the Mentelle, Vlaming and north Perth basins, a synthesis of current knowledge available for the southern margin (from the Naturaliste Plateau in the west to Sorell Basin in the east) and the remote eastern frontiers (Capel, Faust, Gower, Moore and Monawai basins in the Tasman Sea).

Two major surveys are planned in the 2008-09 financial year in the Houtman, Abrolhos and Zeewyck sub-basins of the Perth Basin, the Mentelle Basin, the Wallaby Plateau and the Southern Carnarvon Basin. The Wallaby Plateau is one of the areas of extended continental shelf now confirmed as part of Australia's marine jurisdiction by the United Nations Commission on the Limits of the Continental Shelf (UNCLOS).

In January-April 2008 an aeromagnetism survey was undertaken in offshore Tasmania as part of a National Geoscience Agreement between Geoscience Australia and Mineral Resources Tasmania. This survey has delivered new geophysical data to assist in structural mapping and the identification of igneous rocks in the frontier basins of Tasmania.

Analysis of the seismic and other data is well advanced to assess the hydrocarbon potential of remote offshore frontier Capel, Faust and Fairway basins. The results of some of these studies were presented at the Eastern Australian Basins Symposium in Sydney in September 2008.





PETROLEUM AND GEOSCIENCE DATASETS

A great aid to exploring in Australia is easy access to major geoscientific datasets. These are available free or at nominal cost and include:

- government-generated geoscientific maps and datasets;
- company reports of previous exploration;
- open file exploration databases;
- geographic information system (GIS) data; and
- access to data room and data packages in support of the annual offshore acreage release.

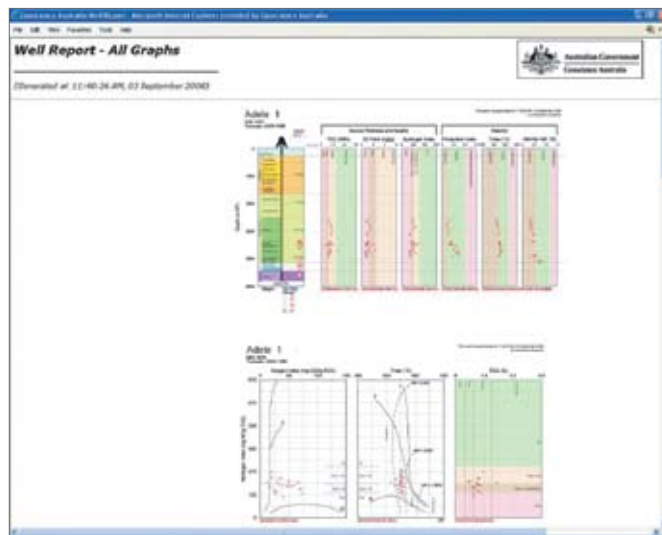
Government Geoscience Maps and Datasets

The Australian, State and Northern Territory (NT) Governments each have a range of highly developed datasets that are publicly available. These typically include petroleum occurrences, resources, geological features and tenement boundaries. An increasing amount of this data is available in digital formats. Details of the material available from each State and the NT can be obtained from the contacts listed under Key Sector Contacts (see Appendix B).

Geoscience Australia (GA) is the national geoscience and geospatial information agency. It undertakes major studies designed to reduce exploration risk and promote the petroleum prospectivity of Australia's under-explored sedimentary basins through the provision of pre-competitive geoscience information. The agency has been carrying out this work since the early 1980s and has extensive databases, datasets and reports from many areas, particularly offshore. Well head data, biostratigraphy, two way time, depositional facies, porosity, permeability and organic geochemistry data can be obtained free of charge for most offshore wells. This data can be accessed and interrogated via a map-enabled internet interface with download capability (dbforms.ga.gov.au/www/npm.well.search). For more information and details of current projects, products and datasets see Geoscience Australia's website: www.ga.gov.au



Mapping programs undertaken by Australian and State/NT geological surveys have generated a comprehensive geological and geophysical coverage of Australia. The continent is covered by geological maps at 1:250,000 scale and selected mineral provinces at more detailed scales (1:100 000, 1:50 000 and 1:25,000). Province and State/Territory-wide maps are available at scales from 1:500,000 to 1:2 million, and at 1:2.5 million and 1:5 million scale for the Australian continent.





Open File Exploration Database

Petroleum legislation in Australia generally requires companies to submit data and technical reports on their exploration activities as part of their obligations following the grant of an exploration title. Under Australia's Offshore Petroleum and Greenhouse Gas Storage Act, data resulting from exploration activities in Commonwealth offshore areas are made publicly available after certain periods depending on the nature of the data, the title status of an area and whether data was acquired on a proprietary or non-exclusive basis. Basic data generally becomes available after a period of two to three years, ranging up to fifteen years for data from non-exclusive 3D seismic surveys. A five kilometre 2D grid extracted from 3D non-exclusive seismic surveys is publicly available after 5 years.

The bulk of data from operations on Australia's continental shelf, comprising seismic and well survey information and cores, cuttings and reports, is stored by Geoscience Australia at its Geology and Geophysics Data Repository, and in relevant State/NT repositories.

Geoscience Australia provides internet access to data through the Petroleum Information Management System (PIMS), www.ga.gov.au/oracle/npd/ which provides on line ordering for loan requests and interrogation of data holdings.

Geoscience Australian Offshore Acreage Release Data Room and Data Packages

The Data Room located at Geoscience Australia's offices in Canberra was officially opened in July 2007. This facility offers free, secure access to the latest seismic and geological data supporting the current Australian Offshore Petroleum Acreage Release, and is available to all Australian and international petroleum exploration companies. Over 500 GB of data including 227,000 kilometres of 2D seismic and eleven 3D surveys are loaded for viewing on the workstations. Bookings to visit the Data Room can be made by visiting: www.ga.gov.au/oceans/oar_DataRoom.jsp or E-mail: biu@ga.gov.au

In addition to the Data Room, data packages are available at the cost of transfer for the annual Acreage Release consisting of open file 2D and 3D processed work-station-ready seismic data and well information. Seismic data is available in Geoframe, Kingdom and Landmark formats. Digital well completion reports and logs for specific wells are available in original format.

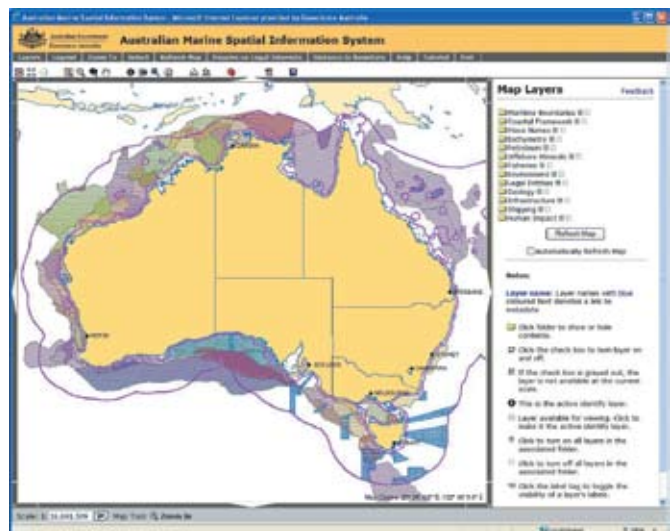
Data packages can be ordered through the Geophysical Data Repository, E-mail: ausgeodata@ga.gov.au

Australian Marine Spatial Information System

The Australian Marine Spatial Information System (AMSIS) is an on-line mapping and decision support tool that presents a vast array of Commonwealth interests in Australia's marine jurisdiction. With the cooperation of other Government and private sector agencies, this system integrates administrative boundary information including petroleum leases with scientific data against other background data such as bathymetry.

AMSIS is easy to use and provides access to data via a web browser for those interested in the marine environment without the need for specialised software or mapping skills. AMSIS not only displays 'what is out there', but also allows users to query the information, view metadata, and conduct more advanced functions such as return the nearest distance from a point to a nominated boundary.

AMSIS can be found on the web at www.ga.gov.au/amsis





OFFSHORE SAFETY ADMINISTRATION

National Offshore Petroleum Safety Authority

The National Offshore Petroleum Safety Authority (NOPSA) was established in January 2005 to improve safety across the offshore petroleum industry and deliver world-best practice safety regulation in Australia. NOPSA works with the industry, workforce and other authorities to ensure all health and safety risks from offshore petroleum operations are properly managed; administer offshore petroleum safety regulation; and establish and maintain a legislative framework which encourages continuous improvement in the management of health and safety offshore. The Safety Authority is accountable to the Australian Government, State and Northern Territory Ministers.

Safety Case Regime

Safety in the offshore petroleum industry in Australia is regulated under a safety case regime underpinned by the objective (or goal setting) based *Petroleum Submerged Lands (Management of Safety on Offshore Facilities) Regulations 1996*. These regulations will be replaced by equivalent regulations under the OPGGSA during the next twelve months. The objective based regime is based on the principles that the legislation sets the broad safety goals to be attained; the operator of the facility develops the most appropriate methods of achieving those goals; and the ongoing management of safety is the responsibility of the operator, not the regulator.

Current best practice in offshore safety regulation involves the operator of an offshore facility preparing a safety case with their workforce to manage occupational health and safety at a facility. The safety case describes the facility, identifies the risks of the activities and sets out the risk management strategy/systems to maintain health and safety and their performance standards. Similarly, a Pipeline Safety Management Plan (PSMP) is prepared for work done on a pipeline, and a Diving Safety Management System (DSMS) is prepared for diving operations.

The safety case is submitted to the regulator for assessment. Once a safety case has been accepted by the regulator, it forms the "rules" with which the operator must comply in operation of the facility and against which those operations are audited by the regulator. The safety case regime is well established in Australian offshore oil and gas regulation and was introduced following an analysis of the lessons learnt from the UK North Sea Piper Alpha disaster.

For further information on offshore safety matters contact:

Mr John Clegg
Chief Executive Officer
National Offshore Petroleum Safety Authority
GPO Box 2568
PERTH WA 6001 AUSTRALIA

Telephone: +61 8 6461 7001
Facsimile: +61 8 6461 7037
Website: www.nopsa.gov.au

General Manager
Offshore Resources Branch
Resources Division
Department of Resources, Energy and Tourism
GPO Box 1564
CANBERRA ACT 2601 AUSTRALIA

Telephone: +61 2 6213 7928
Facsimile: +61 2 6213 7970
Website: www.ret.gov.au/offshoresafety





OFFSHORE FACILITY SECURITY

Preventive security arrangements for Australian offshore facilities are regulated under the *Maritime Transport and Offshore Facilities Security Act 2003* and the *Maritime Transport and Offshore Facilities Security Regulations 2003*. (Consolidations of this legislation may be found at: www.comlaw.gov.au).



This legislation provides a framework for operators of certain offshore facilities, ports, and ships, and a range of associated service providers, to undertake security risk assessments and implement preventive security plans.

These security plans set out the security measures and procedures to be implemented to safeguard maritime transport and offshore facilities against acts of unlawful interference. Security plans also identify security measures to be used when different maritime security levels are in force.

The Office of Transport Security within the Department of Infrastructure, Transport, Regional Development and Local Government is responsible for assessing and approving these plans.

Organisations involved with offshore oil and gas production need to be aware of this legislation. In particular, these organisations should assess at an early stage whether any of their activities are likely to be covered by the requirement to prepare and submit a security plan.

Approval of security plans can take up to 90 days, and it is an offence for an offshore industry participant to operate without an approved security plan in force when one is required. Even if an industry participant is not required to have its own plan it may be affected by another's plan.

Further information on offshore facility security matters is available at:

Website:
www.infrastructure.gov.au/transport/security/oil_and_gas/

or by contacting the Office of Transport Security by:

E-mail:
Transport.Security@infrastructure.gov.au,
with attention to Offshore Oil and Gas.

Telephone:
Security: 1300 307 288
From outside Australia: +61 2 6274 8187
Cabotage: 1300 307 761
From outside Australia: +61 2 6274 8189



ENVIRONMENT PROTECTION REQUIREMENTS

Australian governments require petroleum companies to conduct their activities to a high standard of environmental protection.

The petroleum industry's environmental record in Australia, particularly in offshore areas, has been exemplary. The objective based Environment Regulations (outlined below) provide companies with flexibility in managing environmental protection requirements.

Australian Regulatory Environment

Regulation of Offshore Petroleum Projects in Commonwealth Waters

Current Australian Government legislation relevant to environmental management of offshore petroleum exploration and development activities includes:

- OPGGSA and its Regulations;
- *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act);
- *Environment Protection (Sea Dumping) Act 1981*;
- *Protection of the Sea (Prevention of Pollution from Ships) Act 1983*; and
- *Historic Shipwrecks Act 1976*.

Of particular relevance to the oil and gas industry are the complementary requirements of the OPGGSA and EPBC Acts. Under these two Acts, there are four main environmental approvals that may be required for petroleum industry activities:

- an Environment Plan under the *Petroleum (Submerged Lands) (Management of Environment) Regulations 1999*, (the MoE Regulations);
 - this is required for every activity;
- approval under Chapter 4 of the EPBC Act to undertake an activity that is likely to have a significant impact on a matter of National Environmental Significance (NES);
- permits under Chapter 5, Part 13, of the EPBC Act to undertake activities that may potentially affect protected species, in particular cetaceans (whales and dolphins); and
- permits under Chapter 5, Part 15, Division 4, of the EPBC Act to carry out activities in a Commonwealth Marine Reserve.

Offshore Petroleum and Greenhouse Gas Storage Act (2006)

Petroleum exploration and development activities in Australia's offshore areas are subject to the environmental requirements specified in the OPGGSA and associated Regulations. The OPGGSA replaced the *Petroleum (Submerged Lands) Act 1967* from 1 July 2008.

The OPGGSA contains a broad requirement for titleholders to operate in accordance with "good oil-field practice". Specific environmental provisions relating to work practices essentially require operators to control and prevent the escape of wastes and petroleum.





The Act also requires that activities are carried out in a manner that does not unduly interfere with other rights or interests, including the conservation of the resources of the sea and seabed, such as fishing or shipping. In some cases, where there are particular environmental sensitivities or multiple use issues it may be necessary to apply special conditions to an exploration permit area. The holder of a petroleum title must maintain adequate insurance against expenses or liabilities arising from activities in the title, including expenses relating to clean-up or other remedying of the effects of the escape of petroleum.

Environment Regulations under the OPGGSA

The Management of Environment (MoE) Regulations provide an objective based regime for the management of environmental performance for Australian offshore petroleum exploration and production activities in areas of Commonwealth jurisdiction. Key objectives of the MoE Regulations include:

- to ensure operations are carried out in a way that is consistent with the principles of ecologically sustainable development;
- to adopt best practice to achieve agreed environment protection standards in industry operations; and
- to encourage industry to continuously improve its environmental performance.

A key feature of the regulations is the requirement that an operator submit an Environment Plan to the relevant State/NT Designated Authority before commencing any petroleum activity. An accepted Environment Plan will establish the legally binding environmental management conditions that must be met by the operator of an offshore petroleum activity. An Environment Plan must:

- be appropriate for the nature and scale of the activity;
- demonstrate that the environmental effects and risks of the activity will be reduced to as low as reasonably practicable;
- demonstrate that the environmental effects and risks of the activity will be of an acceptable level;

- provide for appropriate environmental performance objectives, environmental performance standards and measurement criteria; and
- incorporate an appropriate implementation strategy (including an oil spill contingency plan) and monitoring, recording and reporting arrangements.

The MoE Regulations and Guidelines on the preparation and submission of an Environment Plan can be accessed on the petroleum environment website at:

www.ret.gov.au/resources/upstream_petroleum/offshore_petroleum%20_environment/Pages/OffshorePetroleumEnvironment.aspx

Environment Protection and Biodiversity Conservation (EPBC) Act

While the MoE Regulations under the OPGGSA manage day to day petroleum activities and apply to any activity that may have an impact on the environment, the EPBC Act (Chapter 4) regulates assessment and approval of proposed actions that are likely to have a significant impact on a matter of National Environmental Significance (NES). Actions that are likely to have a significant impact on a matter of NES require approval by the Commonwealth Environment Minister; the assessment process is administered by the Department of the Environment, Water, Heritage and the Arts. The EPBC Act does not replace the need for an Environment Plan to be approved under the MoE Regulations before an action can proceed.

The EPBC Act places the onus on the proponent for ensuring an action is either approved or is unlikely to have a significant impact on a matter of NES. If a person is unsure whether approval is required, they should refer the action to the Commonwealth Environment Minister for clarification as to whether the action would be a 'controlled action' under the EPBC Act. If an activity is not judged to be a controlled action, the proponent is free to carry out the activity, provided it is done within the parameters specified in the original referral.





Matters of NES protected by the EPBC Act are:

- nationally threatened species and ecological communities;
- migratory species;
- Commonwealth marine areas;
- World Heritage properties;
- National heritage places;
- Ramsar wetlands; and
- nuclear actions (including uranium mining).

A range of EPBC Act Policy Statements are available which provide guidance on the practical application of the EPBC Act. The Significant Impact Guidelines 1.1 – Matters of National Environmental Significance is the primary source of guidance as to whether an action is likely to have a significant impact on a matter of national environmental significance. Details of the environment legislation and the steps to gain environment approval can be found on the EPBC Act at: www.environment.gov.au/epbc/index.html or by calling the Department of the Environment, Water, Heritage and the Arts' Community Information Unit on 1800 803 772.

Potential proponents are encouraged to speak to the Department of the Environment, Water, Heritage and the Arts, and the Department of Resources, Energy and Tourism at an early stage of their project planning.

Other Approvals

Please note: In circumstances where multiple approvals are required under separate provisions of the EPBC Act the Department of the Environment, Water, Heritage and the Arts will endeavour to coordinate all approvals through a single application process.

Cetaceans

The Department of the Environment, Water, Heritage and the Arts has developed seismic guidelines (EPBC Act Policy Statement 2.1 – Interactions between offshore seismic operations and larger cetaceans) to address the potential for interaction between offshore seismic exploration activities and whales and other cetaceans. The document outlines standards and procedures to be followed when undertaking seismic surveys, as well as advising operators conducting seismic surveys on their legal responsibilities.

Additionally, a general environmental approval or clearance from the NES under the EPBC Act does not necessarily cover all interactions with cetaceans. A separate permit may be required from the Department of the Environment, Water, Heritage and the Arts when an action may interfere with cetaceans. 'Interference' involves causing a significant change in behaviour, including a significant deviation from their migratory path, or a substantial change in respiration or swimming pattern.

If a proposed seismic survey has the potential to result in a significant impact or interference with whales, the seismic guidelines will assist operators in preparing a referral and/or permit application under the EPBC Act.

The seismic guidelines can be found at:

www.environment.gov.au/epbc/publications/seismic.html

Commonwealth Marine Reserves

A separate EPBC Act approval may also be required if an action is to be undertaken within any Marine Protected Areas (MPA). There are currently 26 MPAs in Australian Commonwealth waters in a diverse range of locations. This number includes 14 new reserves declared in 2007, being the Cod Grounds Commonwealth Marine Reserve off the NSW north coast and 13 new Commonwealth Marine Reserves declared in the South-East Marine Region. These can be found at:

www.environment.gov.au/coasts/mpa/index.html

Management Plans are required to be developed and implemented for each Commonwealth MPA. A management plan, among other things, establishes zoning arrangements and sets out how each zone within a reserve is to be managed, including specifying if mining operations (including petroleum) can be carried out in the reserve and the conditions that under which it may be carried out. Mining operations in Commonwealth reserves that are authorised by a prior usage right relating to the seabed that predates the proclamation of the reserve are not subject to the Commonwealth reserve provisions of the EPBC Act. Information on undertaking activities within a Reserve can be found in the individual Management Plan for each Reserve. Plans of management for current reserves can be found at:

www.environment.gov.au/coasts/mpa/index.html

Where a management plan does not exist for a Commonwealth reserve, including the South-east Commonwealth Marine Reserve Network, mining operations (including petroleum activities) can only be carried out under an approval by the Director of National Parks (DNP) issued under section 359B of the EPBC Act. Two classes of approval have been established for the process as outlined below:

- Class 1 – Class 1 operations include seismic surveys and vessel transit in connection with mining operations. A general approval will be given for all class 1 activities to be carried out in accordance with a set of conditions and will not require any further authorisation.
- Class 2 – All other mining operations. Class 2 mining operations will be considered on a case by case basis and may be subject to specific conditions. Consideration of class 2 operations will take into account the likely impact of the operation on the specific conservation values of the Commonwealth reserve. The DNP approval of a mining operation under s 359B and the referral, assessment and approval of an action under Chapter 4 of the EPBC Act are related processes and therefore an application for a s359B approval can be supplied in the form of a referral under Chapter 4.

Further information on interim management arrangements and the requirements for an approval can be found at:

www.environment.gov.au/coasts/mpa/southeast/interim.html



The South-east Commonwealth Marine Reserve Network is one of the key outcomes of large scale regional marine planning. Marine Bioregional Plans will be developed under the EPBC Act across the Commonwealth's five marine regions. The plans aim to provide greater guidance about marine environment conservation priorities and will assist in understanding the impacts of actions on the Commonwealth marine environment and determining the circumstances under which actions can take place. The process includes the identification and establishment of marine protected areas in the Commonwealth managed waters of Australia. Further information on the Marine Bioregional Planning can be found at:

www.environment.gov.au/coasts/mbp/index.html

For further information on offshore petroleum environmental assessment processes contact:

Manager
Environment, Safety and Security Section
Resources Division
Department of Resources, Energy and Tourism
GPO BOX 1564
CANBERRA ACT 2601 AUSTRALIA

Telephone: +61 2 6276 1490

Development of Carbon Capture and Storage Legislation

Legislation for the geological storage of CO₂ in geological formations in Commonwealth offshore waters received royal assent on 21 November 2008. The legislation takes the form of an amendment to Australia's offshore petroleum legislation which is now titled the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

Major features of the legislation include:

- the provision of access and property rights through a title system similar to that used for petroleum;
- ensuring safe and secure storage;

- mechanisms for managing interactions with the petroleum industry;
- site closure and the treatment of long term liability.

Management of interactions with the petroleum industry includes a number of key elements. In relation to petroleum titles that were in existence, known as pre-commencement titles, when the legislation came into force (pre-commencement titles include future titles in the same series), rights are protected through a 'significant impact test'. Under this test, a storage operation cannot be approved unless the relevant Commonwealth Minister is satisfied that the operation does not pose a significant risk of a significant adverse impact on a pre-commencement petroleum title OR there is a commercial agreement between the two title holders. For post commencement titles, if there is no agreement between title holders, and the two operations cannot coexist, the Minister will make a decision on which operation should proceed in the public interest. However, once granted, a post commencement petroleum production licence is also protected through the significant impact test.

The legislation also deals with a wide range of other matters relating to the rights of the petroleum industry.

Regulations and guidelines to underpin the legislation are currently under development in consultation with stakeholders.



PETROLEUM TAXATION ARRANGEMENTS

Petroleum production projects operating in Australia are subject to a resource charge, which aims to provide the Australian community with a fair and reasonable return from the development of its non-renewable petroleum resources.

Australia's fiscal arrangements are among the more competitive petroleum taxation regimes applied worldwide and provide a community return commensurate with the petroleum industry's assessment of Australia's prospectivity.

Petroleum Resource Rent Tax

In 1987, the Australian Government introduced a profit based petroleum resource rent tax (PRRT) to replace royalties and crude oil excise in most areas of Commonwealth waters because it recognised the need for a stable and internationally competitive petroleum taxation regime.

Currently, the PRRT applies to all petroleum projects located in Commonwealth waters, that is, waters located between three nautical miles and 200 nautical miles seaward of the low water line along the coast, with the exception of:

- the North West Shelf production licence areas and associated exploration permits (i.e. exploration permits WA-1-P and WA-28-P, and licences and leases derived from these two permits); and
- the Joint Petroleum Development Area (JPDA), which is situated in the waters between Australia and East Timor.

The PRRT is the only resource charge payable on production arising out of the release of offshore petroleum exploration acreage.

PRRT is a profit based project tax. It is applied at a rate of 40% to a project's taxable profit (project income less project expenditure, project exploration expenditure and exploration expenditure transferred in from other related PRRT projects).

Petroleum projects are entitled to deduct exploration expenditure transferred from related projects when the following conditions are satisfied:

- the exploration expenditure must have been incurred after 1 July 1990;
- the receiving project must be making a taxable profit;
- the company must have held an interest in the transferring project and the receiving project from the time the expenditure was incurred until the time of the transfer (an interest is defined as the entitlement to receive receipts from the sale of petroleum recovered in relation to the project); and
- the transfers must go to the project that has the most recent production licence.

Exploration expenditures that are not deducted in the tax year in which they are incurred can be uplifted and carried forward to be used as deductions in subsequent years. This expenditure is uplifted at the following levels:

- **Expenditure incurred more than five years** before the application for a project production licence is compounded at a rate based on the Implicit Price Deflator for Expenditure on Gross Domestic Product (GDP).
- **Exploration expenditure incurred less than five years** before the application for a project production licence is compounded at the Australian long-term bond rate (LTBR) plus 15 percentage points (currently about 20%).
- **General expenditure incurred less than five years** before the application for a project production licence is compounded at the LTBR plus five percentage points (currently about 10%).

Project closing down costs are also deductible, including costs incurred in environmental restoration of a project site.

PRRT liability for a project is not influenced by changes in ownership or farm-in agreements. Joint venturers will be assessed on an individual participant basis.

Payments of PRRT are deductible for company tax purposes in the year assessed and paid to avoid double taxation. Company tax is levied at the rate of 30%. PRRT and company tax instalments are payable quarterly in the year of tax liability.

The Government has made a number of changes to the PRRT regime to enhance its operation. These include the following:

- the gas-transfer-pricing regulations took effect on 20 December 2005. The regulations will determine the gas-transfer-price for gas feedstock in integrated gas to-liquids projects, when no relevant 'arms length' market price exists; and
- a number of changes to the PRRT to reduce compliance costs, improve administration and remove inconsistencies took effect on 1 July 2006.

Additionally, from time-to-time the Minister may announce policy which makes exploration in particular release areas more attractive. These announcements will be advertised in special editions of the *Australian Petroleum News* and on the Minister's website. To be added to the *Australian Petroleum News* mailing list, please send an E-mail with your contact details to: petroleum.exploration@ret.gov.au



Please refer to the Department of Resources, Energy and Tourism's website, www.ret.gov.au/resources/upstream_petroleum/, for up to date information on PRRT. This website includes:

- a guide to mineral and petroleum taxation;
- the relevant legislation, such as the *Petroleum Resource Rent Tax Assessment Act 1987*, the *Petroleum Resource Rent Legislation Amendment Act 1991*;
- copies of the explanatory memoranda relating to the above legislation;
- secondary petroleum taxation statistics;
- a downloadable PRRT model; and
- a simple example of a PRRT calculation.

Excise and Royalty

Where the PRRT does not apply, such as onshore and in State/Territory waters or the North West Shelf project, crude oil excise and royalties are payable. Royalties are levied at a rate of between 10% and 12.5% of net wellhead value of all petroleum produced.

The rate of crude oil excise depends on the annual rate of production of crude oil, the date of discovery of the petroleum reservoir and the date on which production commenced. The first 30 million barrels per field are exempt.

The PRRT is not levied in excise areas, royalty areas or onshore. Further information on State/Territory royalties is available from the relevant State or Northern Territory Mines Department – refer to Appendix B.

Further information on resource charges can be obtained from:

Manager
Resources Taxation and Economic Analysis Section
Resources Division
Department of Resources, Energy and Tourism
GPO Box 1564
CANBERRA ACT 2601 AUSTRALIA

Telephone: +61 2 6213 7941
Facsimile: +61 2 6276 1969
Website: www.ret.gov.au/pettax



GENERAL TAXATION ARRANGEMENTS

The following description of taxation arrangements applicable to petroleum exploration and development in Australia is provided as a guide only. It contains general information that may not be applicable in all circumstances. Potential companies in petroleum exploration and development in Australia are advised to seek professional advice on how the Australian taxation system will affect their particular projects.

Company Taxation

The company tax rate (also known as the corporate tax rate) is 30%. The treatment of business expenditure for the mining and petroleum industries is generally the same as for other industries. Expenditure that is not capital, such as daily operational expenses, is usually deductible at the time incurred. The cost of depreciating assets is generally deductible over the effective life of the asset.

Accelerated depreciation has been abolished for any new plant and equipment acquired after 21 September 1999 with assets to be written-off over their effective life. For assets acquired or commenced construction after 1 July 2001, the Uniform Capital Allowance regime enables taxpayers to use the effective life schedule that applied at the time the asset was acquired or commenced construction, provided that it is used or ready for use within five years.

For most depreciating assets, companies have a choice to either work out the effective life themselves or use an effective life determined by the Commissioner of Taxation. A company may elect to self assess the effective life of their depreciating assets where they consider that the Commissioner's determination of effective life is not appropriate. If they choose to self assess they must be able to show how they arrived at their estimate of effective life.

In a limited number of cases, in industries of national economic significance, the Government has introduced statutory caps on the 'safe harbour' effective lives of certain assets.

The statutory effective life caps for certain assets in the petroleum sector are:

- an effective life cap of 20 years for gas transmission and distribution assets;
- a cap of 15 years for oil and gas production assets, except for offshore platform assets where the 20 year life remained unchanged; and
- a 15 year cap for liquefied natural gas assets.

There are two methods of calculating the deduction in value of depreciating assets over their effective lives; the prime cost (or straight line) method and the diminishing value (or reducing balance) method. Under the diminishing value method, the diminishing value rate is 200% for eligible assets acquired on or after 10 May 2006. Prior to this date the rate was 150%.

The following special deductions are also available for companies involved in petroleum exploration and development activities:

- immediate deduction of petroleum exploration and prospecting expenditures;
- an immediate deduction for expenditure to the extent that it is incurred for the sole or dominant purpose of carrying on environmental protection activities (EPA);
 - EPAs are activities undertaken to prevent, fight or remedy pollution, or to treat, clean up, remove or store waste from an earning activity;





- an earning activity is one carried on or proposed to carry on for the purpose of producing assessable income; exploration or prospecting; or mining site rehabilitation – but if the expenditure forms part of the cost of depreciating an asset it is not deductible as expenditure on EPA if a deduction is available for the decline in value of the asset;
- expenditure on EPA that is also an environmental impact assessment of a project is not deductible as expenditure on EPA; instead, it could be deductible over the life of the project using a pool; and
- immediate deduction of certain mine-site rehabilitation costs including, subject to meeting eligibility requirements, expenditure associated with the removal of offshore platforms incurred on or after 1 July 1991.

As announced in the 2005-06 Budget, the Government has provided a systematic treatment under the income tax law for business 'blackhole' expenditures that has increased the range of deductions available to business. Blackholes occur when business expenses are not recognised under the income tax laws. The need for an appropriate treatment for blackhole expenditures was identified in the Review of Business Taxation.

The systematic treatment provides a new, five year write-off for business capital expenditures not taken into account and not denied a deduction elsewhere in the income tax law. Capital expenditure incurred in relation to a past, present or prospective business is deductible to the extent that the business is, was or is proposed to be carried on for a taxable purpose.

As part of the systematic treatment, more expenses are included in the cost base and reduced cost base of capital gains tax (CGT) assets, and the elements of cost for depreciating assets. The measure also introduced a five-year write-off for lease and licence surrender payments incurred in carrying on or in ceasing a business. Some of these payments were previously not recognised by the income tax law.

The blackholes measure applies from 1 July 2005.

Capital Gains Tax

There is not a separate tax on capital gains. Capital Gains Tax (CGT) is the tax payable on any net capital gain included in an annual income tax return. A net capital gain (broadly capital gains reduced by capital losses) is merely a component of assessable income. Accordingly, companies are taxed on a net capital gain at the company tax rate. The rate at which individuals are taxed on a net capital gain will depend on their marginal tax rate and the availability of the CGT discount (as detailed below). Generally a capital gain arises, if your capital proceeds are greater than your cost base, for example if you received more for an asset than you paid for it. You make a capital loss if your reduced cost base is greater than your capital proceeds. A capital loss can only be used to reduce any capital gains in the immediate or subsequent year of income. It is not deductible from assessable income.

Australian residents make a capital gain or capital loss if a CGT event happens to any of their assets anywhere in the world. As a general rule, foreign residents make a capital gain or capital loss only if a CGT event happens to a CGT asset that has the 'necessary connection with Australia'.

There are special rules that apply to depreciating assets. A capital gain or capital loss can only arise to the extent that a depreciating asset has been used for a non-taxable purpose (for example, used privately). To the extent that a depreciating asset is used for a taxable purpose (for example, in a business) any gain is treated as ordinary income and losses as deductions.

For all taxpayers, indexation of the cost base of an asset (for calculating a capital gain) was frozen at 30 September 1999. Individuals can reduce any capital gain remaining after applying capital losses by the 50% CGT discount. For assets acquired before 21 September 1999 they have the choice of applying the 50% CGT discount or by using cost base indexation (frozen at 30th September 1999). Companies do not qualify for the CGT discount but can use the indexation method for assets acquired before 21 September 1999.

Dividend Imputation

Australia has an imputation system of company taxation. Australian resident individuals who receive a taxable dividend from Australian resident companies receive a credit for tax paid by the company on its income: These dividends are called "franked" dividends.

- for the shareholder this means that, subject to their marginal tax rate, the tax payable on the dividend is effectively fully or partially paid; and
- for the company this means that certain records must be maintained to verify the amount of credit that can be passed on to its shareholders.

The extent to which the company may "frank" a dividend at the time the dividend is paid. Franking of dividends by companies is not mandatory. Credits to the franking account arise when a company pays tax or when a company receives a franked income from another company.

Foreign residents do not pay tax on the amount of franked dividends paid by an Australian resident company. However, they will pay withholding tax on the amount of the dividend that is not franked. The withholding tax rate is levied at 15%, but may vary depending upon which country the dividend is going to and to the impact of any arrangements such as Double Tax Agreements.

Tax Treaties and Foreign Tax Credits

Australia has concluded comprehensive agreements with a number of countries that aim to eliminate double taxation. The agreements allocate taxing rights to each party to the agreement. While each agreement is unique, there are two main methods for relieving double taxation. First, the taxing rights over certain classes of income are reserved entirely to the country of residence of the person deriving the income. Second, all other income may be taxed by the country in which the income has its source. If the country of residence of the recipient also taxes that income, it is generally required to grant a credit against its tax for the tax levied by the source country.

A key aspect of the revenue allocation rules is that the country of source is granted an exclusive right to tax the business profits of a permanent establishment situated within the country. However, the country of source may not generally tax business profits emanating from it if there is no permanent establishment. In such cases, the exclusive right to tax the profits is assigned to the country of residence.



Non-residents are liable to source country tax on dividend, interest and royalty income. This tax is withheld at source before the income is remitted overseas.

The Australian Government is continually reviewing its tax treaties to ensure that Australia remains an internationally competitive place to do business.

Payroll Tax

The State and Territory Governments levy payroll tax. The rate of the tax, and how it is levied, varies between States, with an average rate of around 6%. However, there are exemptions for smaller operations. The exemption threshold ranges amongst the States from an annual wages bill of A\$550,000 in Victoria to an annual wages bill of A\$1.25 million in the Territories. Most States levy payroll tax on employee non-cash fringe benefits and employer superannuation contributions.

Further information on payroll tax can be obtained from the relevant State/Territory Revenue Office.

Fringe Benefits Tax

A benefit provided by an employer to an employee in respect of their employment is a fringe benefit. Employers are required to pay fringe benefits tax (FBT) on the value of certain fringe benefits provided to employees.

From 1 April 2007, employers are required to report on payment summaries the taxable value of an employee's fringe benefits where the value of the benefits exceeds A\$2,000. This enables the value of fringe benefits to be taken into account in income tests in order to determine entitlement to income-tested government benefits, and liability to tax surcharges, such as the Medicare levy surcharge, and income-tested obligations, such as child support payments.

The FBT year is from 1 April to 31 March, and payments are generally made in quarterly instalments. Employers whose FBT liability in the previous year was less than A\$3,000 need only pay on an annual basis. The FBT rate is currently 46.5%, which is equal to the top marginal personal tax rate plus the Medicare levy.

Housing fringe benefits provided to employees in remote areas are exempt from FBT and excluded from the fringe benefits reporting requirement. Other types of housing assistance provided to employees in remote areas may also be taxed concessionally under FBT and excluded from the fringe benefits reporting requirement. FBT concessions and reporting exclusions are also available for certain housing related benefits such as electricity, gas or other residential fuel, and holiday travel for employees and their families living and working in remote areas.

Indirect Taxation

A broad based goods and services tax (GST) at a rate of 10% applies to the supply of most goods and services consumed in Australia. The GST is only applicable to taxable supplies with a number of items being GST free. Exported goods and services are GST-free, while goods imported into Australia are generally subject to GST.

Excise duties become payable on petroleum products, including gasoline and diesel fuel, produced for the Australian market while exported goods are excise exempt.

Businesses with annual turnovers of A\$75,000 or more are required to register for the GST. Registered businesses are generally able to claim input tax credits for any GST included in their costs of production. Goods and services that are exported are GST free, which means that the exporter can claim an input tax credit for the GST included in the price of the goods and services used to produce the exports even though they do not include GST on the price of the exports.



Some other supplies, including most financial supplies, supplies of residential rents and some residential premises are input taxed. This means that GST is not included in the final price and input tax credits are not available for the inputs used in producing the supply.

There is also another category of supplies that are GST-free. GST-free supplies include some food items, health, medical services, education, supplies of going concerns, and precious metals. GST-free means that no GST is payable on the supply. However, the supplier in this instance can claim an input tax credit for any GST it paid on the things it acquired to make the GST-free supply.

Further Information on General Taxation Matters

Enquiries on general taxation matters should be directed to the Australian Taxation Office (ATO) in the relevant State/Territory capital city. Alternatively, information can be found on the ATO website at www.ato.gov.au. Contact details for the ATO are set out in Appendix D.



THE NATIVE TITLE ACT AND PETROLEUM TITLES

What is native title?

Native title is the recognition in Australian law that Indigenous people had a system of law and ownership of their lands before European settlement. Where that traditional connection has been maintained, and where government acts have not extinguished it, native title can be recognised by the law.

Native title is a right that may be present over land and water even if there is no court determination or native title claim. Native title can also exist offshore.

Native Title Act 1993 (NTA)

In summary, the NTA:

- recognises and protects native title;
- validates some acts done in the past which may have been invalid because of the existence of native title;
- confirms the extinguishment of native title in some circumstances;
- creates a 'future act' regime which sets out conditions for the doing of acts affecting native title lands or waters (for example, the grant of a license to mine);
- enables the relevant parties to enter 'Indigenous Land Use Agreements' to settle any native title issues; and
- provides a process by which claims for native title and compensation can be determined.

Offshore native title

In 2001, the High Court of Australia handed down its decision in *Commonwealth v Yarmirr* (the Croker Island Sea Case). The High Court held that native title can exist offshore within the limits of Australia's territorial sea. It is unclear whether native title can exist in waters seaward of Australia's territorial sea.

The High Court held that offshore native title can only be non-exclusive. This means that native title holders will not have the right to exclude others from accessing the sea or sea bed in the waters where native title exists. The future act regime also applies to acts done offshore, for example the grant of a permit to produce petroleum.

Complying with the NTA

The NTA allows future acts to be done offshore, as long as the procedural requirements of the future act regime are complied with. In most cases, native title parties must be provided with the same procedural rights as other parties who hold non-native title interests in the offshore area. In some cases this will amount to a right to be notified about the proposed grant of a mining or petroleum tenure. However, it is important to note that the 'right to negotiate' provisions in the NTA do not apply offshore.

Where an act that affects native title has been done, the native title holders for the relevant area may be entitled to compensation. On the current state of the law, it is not possible to predict the likely quantum of any compensation.





Offshore Petroleum and Greenhouse Gas Storage Act 2006

The OPGGSA, requires that offshore petroleum operations be carried out in a manner that does not unduly interfere with other rights and interests, including native title rights and interests. To this end, the Australian Government consults with native title parties regarding Acreage Releases. It is recommended that individual companies initiate their own consultative processes to develop good working relationships with the Indigenous people in the area.

For further information about the Native Title Act contact:

Principal Legal Officer
Future Acts Team
Future Acts and System Coordination Branch
Native Title Unit
Classification, Legal Services and Native Title Division
Attorney-General's Department
Robert Garran Offices
National Circuit
BARTON ACT 2600 AUSTRALIA

Telephone: +61 2 6218 6921
Facsimile: +61 2 6218 6889
E-mail: native.title@ag.gov.au
Website: www.ag.gov.au

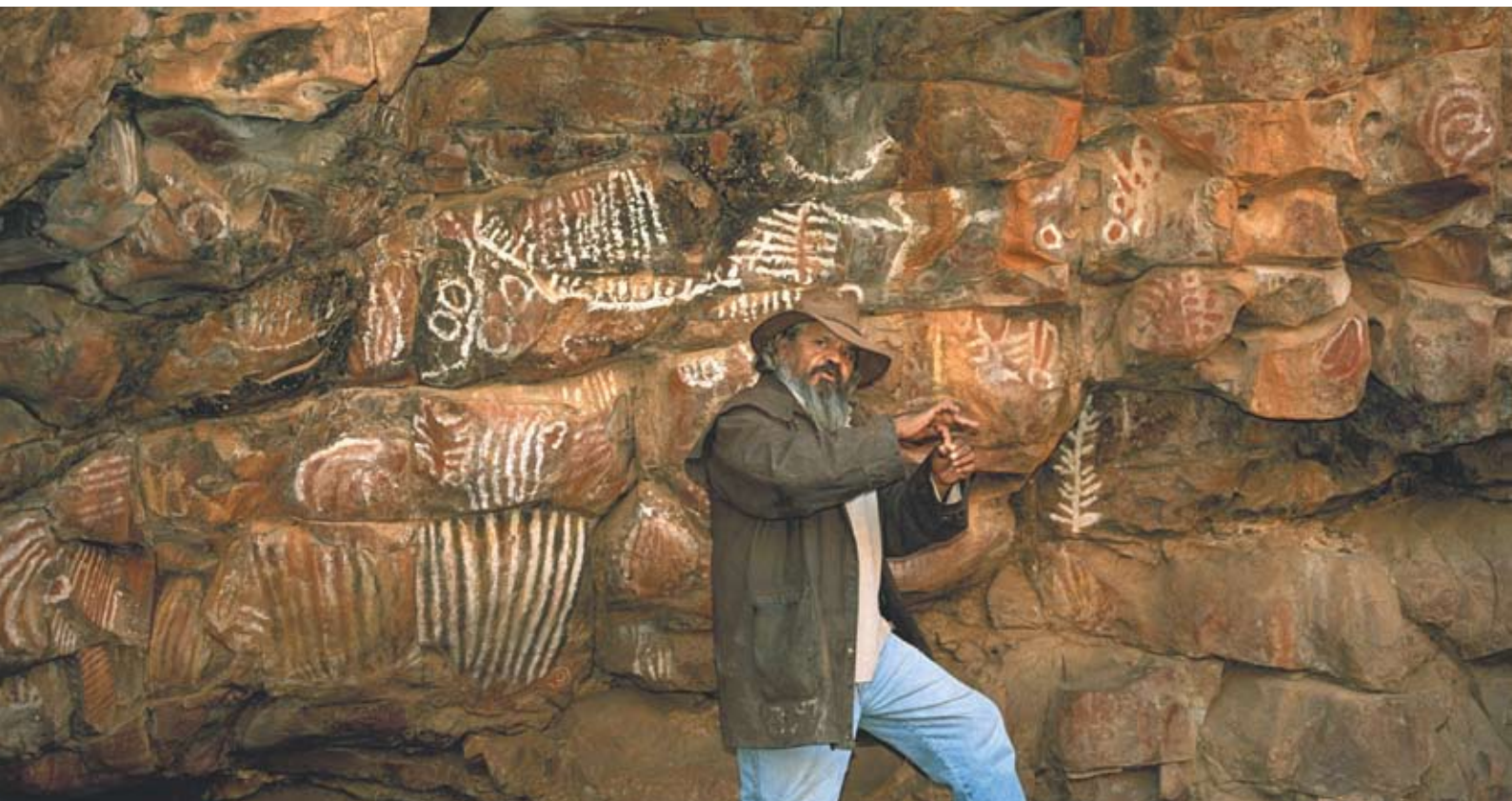
National Native Title Tribunal
GPO Box 9973 Perth WA 6848
PERTH WA 6000 AUSTRALIA

Telephone: +61 8 9268 7272
Facsimile: +61 8 9268 7299
E-mail: enquiries@nntt.gov.au
Website: www.nntt.gov.au

For further information about the Offshore Petroleum and Greenhouse Gas Storage Act contact:

General Manager
Offshore Resources Branch
Resources Division
Department of Resources, Energy and Tourism
GPO BOX 1564
CANBERRA ACT 2601 AUSTRALIA

Telephone: +61 2 6213 7928
Facsimile: +61 2 6213 7970





FOREIGN INVESTMENT IN AUSTRALIA

Australia's foreign investment policy (the Policy) is designed to encourage investment consistent with the interests of the Australian community. The Government recognises the substantial contribution foreign investment has made, and will continue to make, to the development of Australia's industries and resources.



The Policy, together with the *Foreign Acquisitions and Takeovers Act 1975* (FATA), provides a framework for Government review of foreign investment proposals.

The FATA and the Policy apply to Australian companies and business assets across all industry sectors, including the petroleum sector.

Foreign investment proposals are normally approved subject to them not being considered contrary to the national interest.

Foreign companies do not need to seek approval under either FATA or the Policy before lodging an application for the award of petroleum exploration acreage.

Foreign Investment Review Board (FIRB) approval is not required for the grant of exploration acreage and the subsequent development of any petroleum discovery. However, foreign companies should notify FIRB in relation to the establishment of a new business after an exploration permit is granted where the investment exceeds A\$10 million. For all farm-in/farm-out activity, equity changes, or acquisition of existing interests in exploration permits, production licences and retention leases and/or production facilities, notification may be required subject to the thresholds mentioned below.

Foreign Acquisitions and Takeovers Act 1975

The FATA applies to all companies in which a foreign company or natural person and their associates hold a substantial interest, being 15% or more, or where two or more foreign entities and their associates hold 40% or more.

Proposals by foreign controlled companies¹ to invest in Australia which require prior approval under the FATA include:

- proposals to acquire a controlling interest (via shares or assets) in existing Australian businesses, where assets exceed A\$100 million or the proposal values the business at over A\$100 million (A\$105 million for US investors in 2008);
- proposals to acquire a substantial interest in an offshore company that holds Australian assets or conducts a business in Australia, where the Australian assets or businesses of the target company are valued at **less** than 50% of its global assets, and these Australian assets or businesses exceed A\$200 million (the general A\$100 million threshold applies if the Australian assets or businesses are valued at/above 50% of global assets) (A\$210 million for US investors in 2008); and

¹ Different thresholds apply to US investors, as detailed below.



- proposals to acquire land, or acquire a lease or licence over land for a period of greater than five years. This does **not** include proposals involving:
 - land acquired directly from the Commonwealth, a State or Territory government;
 - developed commercial real estate valued at less than A\$5 million for heritage listed - property or A\$50 million for non-heritage listed property; or
 - land that is being used wholly and exclusively for a primary production business.

Australia's Foreign Investment Policy

Some proposals by foreign controlled companies¹ to invest in Australia should be notified under the Policy even though the FATA does not apply, including:

- proposals to establish a new business (for example investing in a petroleum development project) involving a total investment of A\$10 million or more; and
- proposals for any direct investment in Australia by foreign governments or their agencies (including companies owned or controlled by governments), irrespective of size.

The Australia United States Free Trade Agreement

The Australia-United States Free Trade Agreement, which came into effect on 1 January 2005, introduced new annually indexed monetary exemption thresholds applicable only to defined 'US investors', namely A\$913 million for the calendar year 2008 (excluding acquisitions involving a US government or in prescribed sensitive sectors, in which case the general thresholds outlined above will apply). Proposals by US investors to establish new businesses do not require notification.

Further information on the Australian Government's foreign investment policy may be obtained from the Foreign Investment Review Board:

The Executive Member
Foreign Investment Review Board
c/- The Treasury
Langton Crescent
PARKES ACT 2600 AUSTRALIA

Telephone: +61 2 6263 3795
Facsimile: +61 2 6263 2940
E-mail: firb@treasury.gov.au
Website: www.firb.gov.au





ARRANGEMENTS FOR INTERNATIONAL BUSINESS VISITOR VISAS

A Business (Short Stay) Visa (subclass 456)

A *Business (Short Stay) Visa (subclass 456)* enables genuine business people who need to visit Australia for business, or for a mix of business and tourism, to visit Australia for up to a maximum of three months from the date of entry into Australia. Business purposes include exploring business opportunities or conducting business negotiations, site visits, equipment inspections, signing business contracts or attending conferences, events or meetings in relation to their field of employment.

Work may also be allowed in limited circumstances, i.e. where it is:

- highly specialised in nature *and* not ongoing or
- an emergency or urgent situation *and* not ongoing; or
- in Australia's interest.

The application form *456 – Application for a Business (Short Stay) Visa* is available from Australian overseas missions and from the Department of Immigration and Citizenship (DIAC) website at: www.immi.gov.au/allforms/pdf/456.pdf. Applications may only be lodged at an Australian overseas visa office, not in Australia. Applicants may also be required to supply a range of documentation in support of their business visa application.

General information about the requirements for lodging a business visitor visa application can be found at:

www.immi.gov.au/skilled/business/456/index

The subclass 456 Visa may be valid for single or multiple entries and permits a stay of up to three months from the date of each entry into Australia. The travel validity for the multiple entry visa is generally granted with a one year validity period, however, a visa may be made valid for up to ten years or the life of the passport, whichever is the shorter. This visa attracts a Visa Application Charge of A\$100.

A Sponsored Business Visitor (Short Stay) Visa (subclass 459)

A *Sponsored Business Visitor (Short Stay) Visa (subclass 459)* also enables genuine business people who need to visit Australia for business, or for a mix of business and tourism, to visit Australia for up to a maximum of three months from the date of each entry into Australia. Business purposes include exploring business opportunities or conducting business negotiations, site visits, equipment inspections, signing business contracts or attending conferences, events or meetings in relation to their field of employment.

Work may also be allowed in limited circumstances, i.e. where it is:

- highly specialised in nature *and* not ongoing or
- an emergency or urgent situation *and* not ongoing or
- in Australia's interest.

The difference between this and the standard Business Visitor visa is that the application and sponsorship must be lodged together at the local DIAC Business Centre in Australia by the vouching or sponsoring business organisation. This provides a faster processing time and more streamlined service for Australian business and a greater certainty of outcome for the visa applicant.

The sponsorship and application forms are available from the DIAC website at:

www.immi.gov.au/allforms/pdf/1235.pdf and www.immi.gov.au/allforms/pdf/1238.pdf

General information about the requirements for lodging a Business Visitor visa (subclass 459) application can be found at: www.immi.gov.au/skilled/business/459/index.htm

The subclass 459 visa may be valid for single or multiple entries and permits a stay of up to three months from the date of arrival in Australia. The travel validity for the multiple entry visa has a validity period of one year (with three month stays maximum on each entry). This visa attracts a Visa Application Charge of A\$100.



General Information on Business Electronic Travel Authorities

A Business Electronic Travel Authority (ETA) is an electronic or invisible visa that is available to passport holders from 33 countries and locations. There are two types of Business ETA available. Eligibility can be checked at the DIAC website at: www.eta.immi.gov.au/. There are no application forms to complete for a business ETA.

Business ETA holders can only undertake work in very limited circumstances, i.e. where it is:

- highly specialised in nature *and* not ongoing; or
- an emergency or urgent situation *and* not ongoing; or
- in Australia's interest.

Passport holders from countries with whom Australia does not have an ETA arrangement will need to apply for a *Business (Short Stay) visa (subclass 456)* or a *Sponsored Business Visitor (Short Stay) visa (subclass 459)*.

Business ETA – Short Validity 977

There is no Australian Government charge for this ETA. It can be obtained from travel agencies or airlines when making travel bookings, or it can be applied for over the Internet at the Australian Government's Electronic Travel Authority website at: www.eta.immi.gov.au/. The ETA is free of charge. However, this attracts an Internet service charge of A\$20.

This ETA is valid for multiple entries into Australia, permits a maximum stay of up to three months, and is valid for travel to Australia within twelve months from the date of issue.

Business ETA – Long Validity 956

This ETA can be obtained from travel agencies or airlines when making travel bookings. It is **not** available via the Internet. It allows for a maximum stay of up to three months from the date of each entry into Australia, permits multiple journeys to Australia and is valid for a specified period of up to ten years or the life of the applicant's passport, whichever is the shorter. A Visa Application Charge of A\$75 applies to this ETA.

General information about the requirements for lodging a business ETA (subclasses 977 & 956) application can be found at: www.immi.gov.au/skilled/business/956-977/index.htm

Additional Arrangements for Delegates to Events/Conferences in Australia

Australia is an increasingly popular destination for events and conferences. The DIAC runs the International Event Coordinator Network (IECN), a streamlined visa application process for delegates intending to come to events in Australia.

The IECN is a network of dedicated International Event Coordinators (IECs) who have developed close links with key commercial, scientific, and other organisations that arrange events in Australia.

As well as acting as a central point of contact between event organisers and overseas visa offices, IECs can also resolve visa-related problems as they arise.

Visas for event attendees

Overseas delegates from non-ETA eligible countries who wish to attend an event in Australia should apply for the Business (Short Stay) visa (subclass 456) or a Sponsored Business Visitor (Short Stay) visa (subclass 459). Persons accompanying a delegate, or persons attending as a spectator, should apply for a Tourist (Short Stay) visa (Subclass 676). The fee for Tourist visa (Subclass 676) this visa is A\$100.

General information about the requirements for lodging a Tourist visa (Subclass 676) application can be found at: www.immi.gov.au/visitors/tourist/676/index.htm

Delegates from ETA eligible countries should obtain a Business ETA (subclass 977), and persons accompanying a delegate should obtain a Tourist ETA (subclass 976), both of which are available through travel agents and airlines or via the Internet.

To ensure problem free visa arrangements for event delegates, event organisers are urged to contact the IECN as early as possible in the planning process. The national IECN contact is available at:

www.immi.gov.au/visitors/iecn.htm.

Business (Long Stay) visa (Subclass 457)

Individuals wishing to work in Australia for a longer or ongoing period should apply for a Business (Long Stay) visa (Subclass 457). This visa is designed for employers to sponsor overseas workers to work in Australia on a temporary basis. There are also special arrangements for employers in regional areas across Australia. Employers can be either Australian businesses or overseas businesses.

General information about the requirements for lodging a business long stay visa (Subclass 457) application can be found at:

www.immi.gov.au/skilled/skilled-workers/sbs/index.htm



Special Arrangements for the Joint Petroleum Development Area

The Bayu-Undan oil and gas field within the Joint Petroleum Development area (JPDA) between Australia and East Timor is an important infrastructural development project for northern Australia. Under the Timor Sea Treaty, the JPDA is outside the Australian migration zone.

Persons who work solely within the JPDA and do not enter Australia for any reason do not require Australian visas. Persons only transiting Australia by air to work solely within the JPDA should apply for a Transit visa (subclass 771). This visa is free of charge. Persons entering or departing Australia otherwise – for example on board a sea-going vessel – will require an appropriate visa. Contact DIAC for further information.

General information about the requirements for lodging a Transit visa (subclass 771) application can be found at: www.immi.gov.au/visitors/transit/771/index.htm

Between the Bayu-Undan oil and gas fields and Darwin, an underwater pipeline is being laid. As this pipeline touches the seabed within Australian waters, it lies within the migration zone. Consequently, the Business (Long Stay) (subclass 457) visa is the appropriate visa for individuals working in this area.

Assistance from the Australian Trade Commission

Australia offers significant opportunities for international businesses and welcomes foreign direct investment and foreign investors.

The Australian Trade Commission (Austrade) is the Australian Government's lead agency for assisting international companies to establish and build their business in Australia.

Over the past six years to June 30, 2008, the Australian Government has played a verified role in attracting or facilitating 494 projects worth approximately A\$64 billion, with the potential to create more than 32,000 jobs and generate A\$14.9 billion in export earnings.

Austrade provides services and advice through an extensive global network with offices in more than 115 locations in over 60 countries, and has investment specialists in key locations around the world, including New York, San Francisco, Chicago, London, Paris, Frankfurt, Dubai, Mumbai, Shanghai, Beijing, Guangzhou, Seoul, Tokyo and Singapore.

Austrade provide international businesses with a single, integrated point-of-contact for all trade and investment inquiries.

Austrade offers comprehensive and confidential assistance that will save companies time and money, and help them make the right investment decisions.

For further information visit: www.austrade.com.au/invest



AUSTRALIAN INDUSTRY PARTICIPATION IN PETROLEUM DEVELOPMENTS

The Australian Government facilitates opportunities for Australian industry to participate in the development, operation and maintenance of petroleum projects in Australia. The Australian Government's policy is to encourage project developers to maximise opportunities for Australian industry participation in major projects in Australia and overseas. This includes encouraging project developers to develop and implement an Australian Industry Participation (AIP) Plan. An AIP Plan outlines the actions the project will take to provide Australian suppliers with *full, fair and reasonable opportunity* to participate in major projects through all tiers of the supply chain.

AIP initiatives do not mandate levels of local content, and recognise that decisions on the supply of goods and services are properly made by the project developer. These initiatives include:

- Enhanced Project By-law Scheme (EPBS);
- Supplier Access to Major Projects (SAMP); and
- Industry Capability Network Limited (ICNL).

Information on Australian Industry Participation is available at:

www.aip.gov.au

Enhanced Project By-law Scheme

The Enhanced Project By-law Scheme (EPBS) offers a tariff duty concession to major projects on imported eligible goods, provided they meet the program eligibility requirements, including developing and implementing an approved AIP Plan. Eligible industries include mining, resource processing, agriculture, food processing, food packaging, manufacturing, power, water and gas supply.

Guidelines on how to apply for the EPBS, including how to develop an AIP Plan are available on the AusIndustry website under *apply for a tax or duty concession*, at:

www.ausindustry.gov.au

Supplier Access to Major Projects

The Supplier Access to Major Projects (SAMP) program saves companies time and money. SAMP assists major projects to reduce their search and transaction costs by helping to identify capable and competitive Australian suppliers.

SAMP provides funds for existing networks and specialist consultants with expertise in global services, design, engineering, procurement, construction, management and through life support aspects of major projects. These networks and specialist consultants work with project developers and Australian industry to match capable Australian suppliers with project opportunities, and to achieve increased Australian industry access to global supply markets for major projects.

SAMP is administered by Industry Capability Network Limited (ICNL). Information on SAMP is available at:

www.aip.gov.au and www.icn.org.au

Industry Capability Network Limited

Industry Capability Network Limited (ICNL) works to facilitate participation of Australian industry in resources and energy projects. Industry Capability Network offices have a central role in matching Australian capability with the needs of industry. ICNL is a national body that coordinates the work of the State based and New Zealand Industry Capability Network offices. ICNL manages a national online, real time database with an extensive listing of around 40,000 Australian and New Zealand companies through its Supplier Showcase. Project Gateway lists project opportunities and allows managers to publish and manage work packages, and suppliers can register interest at:

www.projectgateway.icn.org.au

The Industry Capability Network is an independently managed network of non profit organisations financially supported by Australian, State/Territory, and New Zealand governments. Throughout industry and government the Industry Capability Network is recognised as a credible source of independent advice on Australian industry capability. Its services include:

- identifying Australian capability to match specified criteria within a purchaser's time frame;
- identifying, assessing and encouraging local companies with potential for licensed manufacture of overseas technologies, joint ventures or other partnering arrangements;
- providing assistance to companies/organisations during all stages of the tendering process; and
- assisting Australian companies to tap into global supply chains.

Contact point for SAMP and ICNL:

Executive Director
Industry Capability Network Limited
PO Box 130
DEAKIN WEST ACT 2600 AUSTRALIA

Telephone: +61 2 6285 2033
Facsimile: +61 2 6285 2842
E-mail: info@icn.org.au
Website: www.icn.org.au

Further information on AIP, EPBS, SAMP, and ICNL is available at:
www.aip.gov.au



AUSTRALIAN PETROLEUM PRODUCTION AND EXPLORATION ASSOCIATION LTD

The Australian Petroleum Production & Exploration Association (APPEA) is the peak national body representing the collective interests of the upstream oil and gas exploration and production industry. APPEA's full membership is currently more than 70 companies and is increasing. The Association assists its membership by working with State, Territory and Australian Governments to implement policies that promote investment and maximise returns to the Australian community. APPEA also seeks to increase community and government understanding of the petroleum industry by publishing information about its activities and economic importance to the nation.

APPEA is working with its membership to assist in attracting and retaining a competent, safe and environmentally responsible workforce. The Australian Government recently received APPEA's Strategic Leaders' Report "Platform for Prosperity: Australian Upstream Oil and Gas Industry Strategy". Copies of the document can be downloaded from the APPEA website.

The most recent annual APPEA Conference and Exhibition in Perth attracted more than two and a half thousand delegates over three days and provides a major showcase for the industry.

For further information on APPEA, please contact:

APPEA Head Office
Level 10 / 60 Marcus Clarke Street
CANBERRA ACT 2600 AUSTRALIA

Telephone: +61 2 6247 0960
Facsimile: +61 2 6247 0548
E-mail: appea@appea.com.au
Website: www.appea.com.au

APPEA WA Office
Level 1 / 190 St George's Terrace
PERTH WA 6000 AUSTRALIA

Telephone: +61 8 9321 9775
Facsimile: +61 8 9321 9778
E-mail: perth@appea.com.au
Website: www.appea.com.au

APPEA Queensland Office
Level 9, 10 Market Street
BRISBANE QLD 4000 AUSTRALIA

Telephone: +61 7 3229 6999
Facsimile: +61 7 3220 2811
E-mail: ccollins@appea.com.au
Website: www.appea.com.au





GAS PIPELINE REGULATION AND GAS MARKET DEVELOPMENT

Significant reforms to the natural gas sector have been underway for the past few years, with the broad objective to accelerate the development of a reliable, competitive and secure natural gas market. The reforms aim to encourage transparency, new market entrants, investment in gas infrastructure, and to provide a market mechanism to assist in managing supply and demand interruptions. The reforms are also progressing national consistency and closer alignment with electricity sector regulation.

Australia regulates natural gas transmission and distribution pipelines to enable third party access on fair and reasonable terms. Regulation is through the National Gas Law (NGL) and National Gas Rules (NGR), which facilitate third party access and promote efficient gas pipeline investment. They are enforced by the Australian Energy Regulator (AER), a national, independent government body. The NGL and NGR commenced on 1 July 2008 in all states except Western Australia, which is expected to adopt the NGL and NGR in the near future.

Pipelines assessed to have significant market power are classed as "covered" pipelines. Under the NGL and NGR, covered pipeline owners must submit an access arrangement containing gas transportation tariffs and access terms and conditions. This access arrangement must be then approved by the AER.

The NGL and NGR also contain incentives to promote gas pipeline investment, including:

- greenfield incentives that exempt qualifying pipelines from regulation for 15 years;
- light (non-price) regulation for qualifying pipelines;
- an improved competitive tendering process to assist local councils to bring gas to regions not connected to the gas network; and
- new capital investment criteria to facilitate the recovery of efficient costs in expanding existing pipelines.

Australia has a number of other initiatives to promote gas market development, as part of its ongoing energy market reform. One of these is the Natural Gas Services Bulletin Board, which commenced on 1 July 2008. The Bulletin Board provides transparency to gas markets by publishing daily transmission

pipeline information, such as pipeline capacities and gas deliveries, on the Bulletin Board website at: www.gasbb.com.au

Other gas market development initiatives include:

- Creation of a gas Short Term Trading Market, initially in Sydney and Adelaide, expected to commence in 2010; and
- Publication of a Gas Statement of Opportunities. This will be an annual publication to assist gas market participants and potential new entrants to identify infrastructure investment opportunities and manage their market positions. It will provide a 10 year outlook of demand forecasts and supply capabilities and will highlight where potential reserve shortfalls and production and transmission constraints may occur in the future.

For further information contact:

Manager, Gas Market Development
National Energy Market Branch
Energy and Environment Division
Department of Resources, Energy and Tourism
GPO BOX 1564
CANBERRA ACT 2601
AUSTRALIA

Telephone: +61 2 6213 7383

Facsimile: +61 2 6213 6168

Information on gas pipeline access and energy market reform is available at:

www.ret.gov.au and www.mce.gov.au





RESEARCH AND INNOVATION

The petroleum industry is highly dependent on leading edge technology and innovation. In a uniquely Australian model, the Australian Government actively supports this innovation through the Cooperative Research Centre (CRC) Program. This program brings together industry, tertiary institutions and research organisations such as the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and Geoscience Australia.

Cooperative Research Centre for Greenhouse Gas Technologies (CO2CRC)

The Cooperative Research Centre for Greenhouse Gas Technologies (CO2CRC) is collaborating with industry, universities and government agencies to determine the economic and environmental benefits of the capture and deep geological storage of carbon dioxide (CO₂).

The geological environment is a major natural long-term sink for CO₂ (much longer term than vegetation for example). Since 1999 the CO2CRC (and its predecessor the Australian Petroleum CRC) has been undertaking world-class research into deep geological storage of CO₂ and has shown that Australia has a very high potential for cost effective geological storage of CO₂.

The CO2CRC also collaborates with some of the world's leading research organisations in the Asia-Pacific region, Europe and North America. It has in place a Memorandum of Understanding (MOU) with the University of Regina and the Petroleum Technology Research Centre in Canada. The MOU aims to integrate capture and storage research in Australia and Canada.

The CO2CRC also has close links with the Lawrence Berkeley National Laboratory (LBNL) in the USA with five defined collaborative projects.

The CO2CRC is currently engaged in the development of a carbon dioxide storage research project in western Victoria (the CO2CRC Otway Basin Pilot Project) which will inject around 100,000 tonnes of carbon dioxide produced from a natural accumulation in the subsurface into a nearby depleted natural gas field. The injection process started in April 2008 and had reached 10,000 tonnes by July 2008. Injection is expected to continue for a period of about two years. This research project aims to demonstrate, under Australian conditions, that CO₂ can be safely transported and stored underground for thousands of years.

CO2CRC Technologies (CO2TECH), the commercial arm of the CO2CRC provides the path for the commercial application of research outputs and also offers consultancy services in geological sequestration of CO₂. Further information can be found at:

www.co2crc.com.au

Global Carbon Capture and Storage (CCS) Initiative

On 19 September 2008, Prime Minister Rudd announced the Global Carbon Capture and Storage (CCS) Initiative at a round table meeting with industry and other stakeholders in Canberra.

Australia is proposing a new Global CCS Initiative to accelerate the research, development and demonstration of CCS technologies, providing the economic and technical foundation for global commercialisation. The initiative should provide a mechanism to coordinate and leverage national and regional CCS initiatives to deliver the G8 goal of launching 20 large-scale CCS demonstration projects globally by 2010.

The proposal is for a new Global CCS Institute headquartered in Australia, to coordinate a network of the existing national centres around the world. The Institute will coordinate a portfolio of global CCS flagship demonstration projects, ensuring a comprehensive portfolio of CCS demonstrations address various CCS technological applications in a range of geologies. As well it will produce assessments of the status of CCS technologies and seek mechanisms to address technology gaps, develop technology roadmaps and promote collaborative research.

The model for the Institute and its operations will be the subject of further detailed discussions with parties that have an interest in CCS such as foreign governments, industry and various international bodies.

Virtual Centre of Economic Micropalaeontology and Palynology

Established in 2001, the Virtual Centre of Economic Micropalaeontology and Palynology (VCEMP) allows Geoscience Australia to leverage both internal and external expertise in microfossil taxonomy and biostratigraphy to document and define biozones, and improve the correlation of biozonations to the geologic timescale.

Specialists from institutions such as the School of Earth and Geographical Sciences at the University of Western Australia, the British Geological Survey, and independent consultants have worked with Geoscience Australia staff on focussed research projects. Outcomes delivered include: the documentation and refinement of the Upper Cretaceous KCCM foraminiferal and nannofossil zonation widely used on the North West Shelf; a major revision of the taxonomy of Jurassic and Early Cretaceous dinocysts from the North West Shelf; and the publication of a revised palynological biozonation for the Jurassic and Lower Cretaceous.



TIMOR SEA JOINT PETROLEUM DEVELOPMENT AREA

An area of the Timor Sea lying between Australia and Timor-Leste is subject to overlapping territorial claims by Australia and Timor-Leste. This area contains substantial resources of petroleum. Australia and Timor-Leste have agreed that a joint development regime, pending final delimitation of the seabed, is the best approach to permit development of petroleum resources to the benefit of both countries.

The *Timor Sea Treaty* (the Treaty) came into force on 2 April 2003. The Treaty establishes a Joint Petroleum Development Area and a Designated Authority (DA) to regulate petroleum activities in the area. The Treaty provides that the DA is responsible to a Joint Commission and Ministerial Council, representing both countries. The Joint Commission comprises one Commissioner appointed by Australia and two from Timor-Leste. The Joint Commission also has responsibility for broad strategic issues, including the award of titles. The Joint Commission reports to the Ministerial Council.

The Treaty also provides for revenues collected on behalf of both countries from petroleum produced from the Area to be shared 90% to Timor-Leste and 10% to Australia. Day-to-day approvals for petroleum activities in the Joint Petroleum Development Area are administered by the DA located in Dili, Timor-Leste. On 1 July 2008, Timor-Leste's newly established National Petroleum Authority took over the DA functions and is now the new regulatory authority in the JPDA.

Consistent with the terms of the Timor Sea Treaty, an International Unitisation Agreement (IUA) for the Greater Sunrise petroleum field which straddles the boundary of the Joint Petroleum Development Area was signed by both countries on 6 March 2003. The International Unitisation Agreement provides a financial framework and international legal basis for the joint development of the Greater Sunrise field.

On 12 January 2006, the *Treaty on Certain Maritime Arrangements in the Timor Sea* (CMATS) was signed by Timor-Leste and Australia. By signing this Treaty Timor-Leste and Australia have demonstrated their intention to agree to a moratorium on boundary issues for 50 years.

Following ratification in both countries' parliaments, the IUA and CMATS entered into force on 23 February 2007.

There are several projects either under way or being considered in the Joint Petroleum Development Area. These include the:

- Bayu-Undan liquids and gas development; and
- Greater Sunrise gas project.

There are currently eight active production sharing contracts in the Joint Petroleum Development Area.

Information on petroleum exploration and production in the Area is available from the National Petroleum Authority.

National Petroleum Authority (Autoridade Nacional do Petróleo)
Ground Floor
East Wing of Palácio do Governo
PO Box 113
DILI, Timor-Leste

Telephone: + 670 332 4098
Facsimile: + 670 332 4082

Further information on the Joint Petroleum Development Area, including links to the legislation can be obtained from the Department of Resources, Energy and Tourism's website at: www.ret.gov.au



**APPENDIX A** KEY SECTOR CONTACTS – AUSTRALIAN GOVERNMENT**Head of Division**

Resources Division
Department of Resources,
Energy and Tourism
GPO Box 1564,
CANBERRA ACT 2601
Industry House
10 Binara Street
CANBERRA ACT 2600 AUSTRALIA

Telephone: +61 2 6213 7946
Facsimile: +61 2 6213 7970
E-mail: petroleum.exploration@ret.gov.au
Website: www.ret.gov.au/petexp

General Manager

Offshore Resources Branch
Department of Resources,
Energy and Tourism
GPO Box 1564,
CANBERRA ACT 2601
Industry House
10 Binara Street
CANBERRA ACT 2600 AUSTRALIA

Telephone: +61 2 6213 7928
Facsimile: +61 2 6213 7970
E-mail: petroleum.exploration@ret.gov.au
Website: www.ret.gov.au/petexp

Chief of Division

Petroleum and Marine Division
Geoscience Australia
GPO Box 378,
CANBERRA ACT 2601
Cnr Hindmarsh Drive
& Jerrabomberra Avenue
SYMONSTON ACT 2609 AUSTRALIA

Telephone: +61 2 6249 9111
Facsimile: +61 2 6249 9999
Website: www.ga.gov.au

Research Group Leader

Petroleum and Greenhouse Gas Advice Group
Geoscience Australia
GPO Box 378,
CANBERRA ACT 2601
Cnr Hindmarsh Drive
& Jerrabomberra Avenue
SYMONSTON ACT 2609 AUSTRALIA

Telephone: +61 2 6249 9111
Facsimile: +61 2 6249 9999
Website: www.ga.gov.au

The Executive Member

Foreign Investment Review Board
c/- The Treasury
Langton Crescent
PARKES ACT 2600 AUSTRALIA

Telephone: +61 2 6263 3795
Facsimile: +61 2 6263 2940
Website: www.firb.gov.au

Head of Division

Office of Transport Security
Department of Infrastructure, Transport,
Regional Development and Local
Government
GPO Box 594
CANBERRA ACT 2601
111 Alinga Street
CANBERRA ACT 2601 c
Telephone: +61 2 6274 7111
Facsimile: +61 2 6274 7614
Website: www.infrastructure.gov.au

Environment Assessment and Approvals Branch

Approvals and Wildlife Division
Department of the Environment, Water,
Heritage and the Arts
GPO Box 787,
CANBERRA ACT 2601
John Gorton Building
PARKES ACT 2600 AUSTRALIA

Telephone: +61 2 6274 1111
Facsimile: +61 2 6274 1666
Website: www.environment.gov.au

Native Title Unit

Attorney-General's Department
Robert Garran Offices
BARTON ACT 2600 AUSTRALIA

Telephone: +61 2 6250 5512
Facsimile: +61 2 6250 5553
E-mail: Native.title@ag.gov.au
Website: www.nttf.gov.au

National Native Title Tribunal

Principal Registry, Commonwealth Law Courts
Level 4, 1 Victoria Ave
PERTH WA 6000 AUSTRALIA

Telephone: +61 8 9268 7272
Facsimile: +61 8 9268 7299
Website: www.nntt.gov.au

Assistant Secretary

Technical and Facilities Services
Department of Defence
CP2-2-101
Campbell Park Offices
CANBERRA ACT 2600 AUSTRALIA

Telephone: +61 2 6266 3150
Facsimile: +61 2 6266 2936



APPENDIX B KEY SECTOR CONTACTS –STATE AND TERRITORY MINES DEPARTMENTS

Note: Address details and special requirements for lodging applications for acreage are in the 'Guidance Notes for Applicants' publication.

New South Wales

Director
Minerals Development
Department of Primary Industries
– Mineral Resources
PO Box 344,
Hunter Region Mail Centre
NSW 2310
516 High Street
MAITLAND NSW 2320 AUSTRALIA

Telephone: +61 2 4931 6666
Facsimile: +61 2 4931 6790
Website: www.minerals.nsw.gov.au

Victoria

Director
Minerals & Petroleum Regulation
Department of Primary Industries
GPO Box 4440,
MELBOURNE VIC 3001
Level 16, 1 Spring Street
MELBOURNE VIC 3000 AUSTRALIA

Telephone: +61 3 9658 4000
Facsimile: +61 3 9658 4460
Website: www.dpi.vic.gov.au

Queensland

Manager
Exploration Strategies
PO Box 15216,
CITY EAST QLD 4002
Level 3, Mineral House
41 George Street,
BRISBANE QLD 4000 AUSTRALIA

Phone +61 7 3237 1414
Email: petroleum@dme.qld.gov.au
Website: www.dme.qld.gov.au

Western Australia

Executive Director
Petroleum and Environment Division
Department of Mines and Petroleum
Mineral House,
100 Plain Street
EAST PERTH WA 6004 AUSTRALIA

Telephone: +61 8 9222 3333
Facsimile: +61 8 9222 3799
Website: www.dmp.wa.gov.au

South Australia

Director
Petroleum and Geothermal
Department of Primary Industries
and Resources
GPO Box 1671,
ADELAIDE SA 5001
Level 6, 101 Grenfell Street
ADELAIDE SA 5000 AUSTRALIA

Telephone: +61 8 8463 3000
Facsimile: +61 8 8463 3299
Website: www.pir.sa.gov.au

Tasmania

Executive Director
Mineral Resources
Mineral Resources Tasmania
PO Box 56,
ROSNY PARK TAS 7018
30 Gordons Hill Road
ROSNY PARK TAS 7018 AUSTRALIA

Telephone: +61 3 6233 8333
Facsimile: +61 3 6233 8338
E-mail: info@mrt.tas.gov.au
Website: www.mrt.tas.gov.au

Northern Territory

Director of Energy
Department of Regional Development,
Primary Industry, Fisheries and Mines
GPO Box 3000,
DARWIN NT 0801
Level 5, Centrepont Building
48-50 Smith Street Mall
DARWIN NT 0800 AUSTRALIA

Telephone: +61 8 8999 5511
Facsimile: +61 8 8999 5530
Website: www.nt.gov.au/dpifm

Timor Sea Joint Petroleum Development Area

Director JPDA
National Petroleum Authority
Ground Floor
East Wing of Palacio do Governo
Dili, Timor-Leste

Telephone: +67 0332 4098
Facsimile: +67 0332 4082
E-mail: Jose.Goncalves@anp-tl.org
Website: www.anp-tl.org



APPENDIX C KEY SECTOR CONTACTS – PRIVATE SECTOR GROUPS AND ASSOCIATIONS

Chief Executive

Australian Petroleum Production and
Exploration Association Ltd
GPO Box 2201,
CANBERRA ACT 2601
Level 3, 24 Marcus Clarke Street
CANBERRA ACT 2600 AUSTRALIA
Telephone: +61 2 6247 0960
Facsimile: +61 2 6247 0548
E-mail: appea@appea.com.au
Website: www.appea.com.au

Executive Director

Australian Institute of Petroleum Pty Ltd
(GPO Box 279, CANBERRA ACT 2601)
Level 2, 24 Marcus Clarke Street
CANBERRA ACT 2600 AUSTRALIA
Telephone: +61 2 6247 3044
Facsimile: +61 2 6247 3844
E-mail: aip@aip.com.au
Website: www.aip.com.au

President

C/- Federal Secretariat
Petroleum Exploration Society of Australia
PO Box 721
West Perth WA 6872 AUSTRALIA
Telephone: +61 8 9276 3258
Facsimile: +61 8 9375 7636
E-mail: pesa.sec@bigpond.com.au
Website: www.pesa.com.au

Chief Executive

Energy Networks Association Ltd
Level 3, 40 Blackall Street
BARTON ACT 2600 AUSTRALIA
Telephone: +61 2 6272 1555
Facsimile: +61 2 6272 1566
E-mail: info@ena.asn.au
Website: www.ena.asn.au



APPENDIX D KEY SECTOR CONTACTS – TAXATION MATTERS (COMMONWEALTH)

Inquiries on petroleum-specific matters may be directed to:

Director of Petroleum
Energy and Resources National
Industry Group

Large Business and International

Australian Tax Office
6 Gladstone St
MOONEE PONDS VIC 3039
AUSTRALIA

Telephone: +61 3 9275 4062

Facsimile: +61 3 9275 4452

Website: www.ato.gov.au

General inquiries about Australia's taxation system should be addressed to the Australian Taxation Office at any of the following addresses:

New South Wales

GPO Box 9990
SYDNEY NSW 2001
AUSTRALIA

Telephone: 13 28 69

Victoria

GPO Box 9990
MOONEE PONDS VIC 3039
AUSTRALIA

Telephone: 13 28 69

Queensland

GPO Box 9990
BRISBANE QLD 4001
AUSTRALIA

Telephone: 13 28 69

Northern Territory

Cnr Mitchell & Briggs Streets
DARWIN NT 0800
AUSTRALIA

Telephone: 13 28 69

Western Australia

GPO Box 9990
PERTH WA 6848
AUSTRALIA

Telephone: 13 28 69

Tasmania

GPO Box 9990
HOBART TAS 7001
AUSTRALIA

Telephone: 13 28 69

South Australia

GPO Box 800
ADELAIDE SA 5001
AUSTRALIA

Telephone: 13 28 69

Australian Capital Territory

GPO BOX 9990
CANBERRA ACT 2601
AUSTRALIA

Telephone: 13 28 69



APPENDIX E AUSTRALIA – GENERAL FACTS

Area (kilometres ²):	13 590 000 (land area – Including 5.90 million sq kilometres of Australian Antarctic Territory) 14 270 000 (offshore area)
Population (million):	21.1 (2007)
System of Government:	Federation ('Commonwealth') of six States - New South Wales, Victoria, Queensland, Western Australia, South Australia, Tasmania – and three mainland Territories – Northern Territory, Australian Capital Territory and Jervis Bay Territory and Seven External Territories – Ashmore and Cartier Islands, Australian Antarctic Territory, Christmas Island, Cocos (Keeling) Islands, Coral Sea Islands Territory, Heard and McDonald Islands and Norfolk Island. Parliamentary democracy based on Westminster system; Federal Parliament consisting of House of Representatives and Senate
Capital:	Canberra (population approximately 340,000 as at March 2008)
Main cities (population million):	Sydney (4.2), Melbourne (3.6), Brisbane (1.7), Perth (1.4), Adelaide (1.1), Hobart (0.2), Darwin (0.1)
Official language:	English
Gross Domestic Product:	US\$1046.8 billion (2008) (Current prices)
GDP per capita:	US\$49,271 (2008) (Current prices)



APPENDIX F

SCHEDULE OF FEES	Australian \$
Annual Fees (GST Free)	
Permit (per block)	\$55 (\$1,135 minimum)
Retention Lease (per block)	\$6,820
Production Licence (per block)	\$20,460
Infrastructure Licence (per title)	\$13,640
Pipeline Licence (per kilometre)	\$90
Penalty for late payment	1/3 rd of 1% per day
Other Fees (GST free)	
Application fee	
- exploration permit (work program bid)	\$4,590
- exploration permit (over surrendered location, lease or licence blocks)	\$4,590
- exploration permit (cash bid – not currently used)	\$1,835
- exploration permit (renewal)	\$1,835
- retention lease	\$1,835
- retention lease (for an unused area in a production licence with an indefinite term)	\$1,835
- retention lease (renewal)	\$1,835
- production licence	\$1,835
- production licence (over surrendered production licence or location blocks)	\$4,590
- production licence (when dividing an existing licence into two or more parts)	\$920
- production licence (renewal)	\$1,835
- infrastructure licence	\$1,835
- pipeline licence	\$4,590
- pipeline licence (variation)	\$920
- special prospecting authority	\$920
Entries in register of devolution of title etc	\$92
Change of company name	\$92
Search fee	\$19
Supply of a certified extract from the register (per page)	\$3.50
Certificate – evidentiary provision	\$45
Borrowing data and material (per day)	\$38
Registration fee for transfers & dealings:	
- 1.5% of consideration with minimum fee of:	\$920
- for related corporations	\$4,590

* In force from 1 July 2009. Please check for correct amounts prior to making any payment.