

Credit of work program wells where prospects cross licence boundaries.

Exploration wells drilled in an adjacent licence may be credited to the work program commitment in some circumstances. PIRSA believes that there is considerable public benefit in ensuring that cross licence boundary prospects are not passed over for smaller prospects that are wholly within a single licence area. However, PIRSA must also ensure that this process does not lead to a reduction in promised work program commitments, to the detriment of the public benefit and also to the detriment of any native title claimant benefits.

For an operator to be able to cross credit a well, the prospect must have a reasonable chance of hosting a field that crosses the licence boundary.

If the two adjacent licences are both PELs with work program commitments, and both the licences have agreements with the same native title parties (where applicable), then the well will be able to be credited to *one* of the two licences, entirely at the discretion of the licensees. The entire well must be credited; partial well credits will not be permitted.

If the two adjacent licences are a PEL adjacent to a PPL (without a work program commitment), and providing the PEL licensee has an agreement with the native title parties (where applicable), then the well will be able to be credited to the PEL, provided that the PEL licensee contributes greater than 50% to the cost of drilling the well.

Where the consent of a native title party is sought to give effect to the above arrangements, PIRSA may seek request evidence that the claimant group has been fully informed of the consequences of consenting to the arrangement (ie potential loss of right to clear work area, and possible reduction in production payments).

Liability for drilling, maintenance, and rehabilitation of the well will remain with the licensee of the licence where the well is drilled, regardless of who contributes to the cost.

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