



INVITATION FOR COMMENT ON THE PETROLEUM (MISCELLANEOUS) AMENDMENT BILL 2008

INTRODUCTION

The *Petroleum Act 2000* (the Act) and associated Petroleum Regulations 2000 (the Regulations) came into operation in September 2000. The Act is administered by the Petroleum and Geothermal Group within the Minerals and Energy Resources Division of Primary Industries and Resources South Australia (PIRSA). Through the first 5 years of operation, PIRSA identified a number of opportunities for enhancement relating to both administrative matters and emerging issues in the petroleum and geothermal industry sectors. A Discussion Draft (*Petroleum Act 2000, Implementation Issues*) detailing these issues and potential modifications to the Act and Regulations was subject to public consultation in 2005.

Based on submissions received during consultation on the Discussion Draft, PIRSA developed a Green Paper detailing the final proposed amendments to the Act. This Green Paper was released for a 6 month public consultation period at the end of 2006, during which time two workshops were held to allow stakeholders to discuss the proposed amendments.

Based on submissions received by PIRSA in response to the Green Paper, final amendments were determined and the Petroleum (Miscellaneous) Amendment Bill 2008 (the Bill) drafted by Parliamentary Counsel.

The Bill is now open for a 60 business day public consultation period. To assist your understanding of the context of the amendments, PIRSA has prepared a document incorporating draft amendments into the existing Petroleum Act 2000. All documents are available at: http://www.pir.sa.gov.au/petroleum/legislation/proposed_amendments.

The key amendments to the Act are listed below, along with changes that will be made to the Regulations.

KEY ACT AMENDMENTS

1. **Title of the Act**

The Act will now be called the *Petroleum and Geothermal Energy Act 2000*.

2. **Greenhouse Gas Abatement Provisions: Gas Storage**

Gas storage provisions have been strengthened by introducing compatible licences specifically for the exploration, utilisation and retention of natural reservoirs for the storage of regulated substances (such as natural gas and carbon dioxide). Royalty will not be payable on the storage of gas within a Gas Storage Licence. Applications for compatible Gas Storage Licences in areas of pre-existing Petroleum Licences will in the first instance become a matter for negotiation with the pre-existing Petroleum Licence holder(s).

3. **Reduce Red Tape: Licence Applications and Terms**

Provisions for the application of over-the-counter Petroleum Exploration Licences have been modified so that either grant or a process leading to grant will be offered following the submission of a valid over-the-counter Petroleum Exploration Licence application. Once grant or a process leading to grant is offered, that application will have primacy and further applications will be held in abeyance pending determination of the application having primacy.

The existing restriction on the renewal of Preliminary Survey Licences has been removed. A provision has also been introduced to enable the area of a Preliminary Survey Licence to be varied.

4. **Competition: Third Party Facility Licensing**

A Special Facilities Licence has been introduced to allow third parties who are not primary

licence holders under the Act to construct and operate facilities for the purpose of processing (including the generation of power from geothermal energy) or storing regulated substances.

5. Land Access: Land Owner and Notice of Entry Requirements

The existing 'occupier of land' and 'owner of land' definitions have been combined into one ('owner of land') and expanded to include all persons who may be directly affected by regulated activities. The definition has been extended to explicitly include pastoralists, Native Title Claimant groups and other licensees both under the Petroleum and Mining Acts.

The notice of entry on land requirements have been modified to require a notice of entry to be provided to all owners of land as per the new definition. A provision has also been introduced to enable an owner of land to agree to entry by the licensee prior to the existing 21 day notification period.

6. Enhance Efficiency: Royalty Collection Provisions

A provision has been introduced to allow the Minister to enter into alternative arrangements for royalty payments.

7. Geothermal Investment: Increase Exploration Licence Areas

The maximum allowable area for Geothermal Exploration Licences has been increased to 10,000 km².

REGULATION AMENDMENTS

Amendments to the existing Petroleum Regulations 2000 have also been proposed and these will be drafted to be available for tabling in Parliament with the final Bill in the 4th Quarter of 2008. The proposed amendments to the regulations are as follows:

1. The Regulations will be called the Petroleum and Geothermal Energy Regulations 2000.
2. The definition of facility under Regulation 3(1) will be amended so that part (d) specifically refers to drilling rigs and production testing equipment.
3. Regulation 8(a) will be deleted.
4. Regulation 9(d) will be deleted.
5. Regulation 10(1)(d)(i) will be amended to include the following:
 - (D) the size and scope of potential consequences; and
 - (E) any cumulative effects of potential consequences when considered in conjunction with the consequences of other events that may be or are occurring on the relevant land.
6. Regulation 12(4) will be amended to include the Environment Protection Authority and Safe Work SA. Government agency names listed under this Regulation will be updated.
7. The existing operator assessment factors under Regulation 16 will be amended to ensure the following management system requirements are adequately addressed:
 - a) corporate policies that address the achievement of regulatory objectives;
 - b) procedures or practices to achieve compliance with regulatory requirements and objectives;
 - c) comprehensive and effective risk-management system;
 - d) system to monitor, evaluate, audit and review compliance against regulatory requirements and objectives;
 - e) system to identify and report serious and reportable incidents under the Act;
 - f) comprehensive and effective emergency response plan;
 - g) appropriate communication of regulatory requirements to employees, contractors and visitors, including site induction, ongoing training and adequate supervision;

- h) practices and procedures with respect to communicating with and responding to external parties on compliance (including government agencies and instrumentalities);
 - i) past compliance record; and
 - j) adequate resources (time, people and money) are allocated to the licensee's compliance system.
8. The term 'low level official supervision' will be changed to 'low level official surveillance' (applies to Regulations 17, 18, 19 and 21).
 9. Ministerial discretion will be introduced under Regulation 18 to allow a licensee to commence low level official surveillance activities prior to the 21 day notification period.
 10. Ministerial discretion will be introduced under Regulation 19 to allow a licensee to commence high level official surveillance activities prior to the expiration of the prescribed 35 day notification period.
 11. A provision will be introduced under Regulation 20(1) to require licensees to undertake an assessment to ensure that any facility, equipment and management system to be used while undertaking drilling, production and pipeline related activities are fit-for-purpose.
 12. Regulation 22 will be amended to require that, for the situation where easement negotiations are to commence during pipeline preliminary survey activities, owners of land are provided with detailed information on the proposed pipeline construction and operation activities and also advice that an easement over land can be compulsorily acquired under the Land Acquisition Act (with terms and conditions including compensation negotiable).
 13. Regulation 26 will be amended to extend the time frame for the completion of a location survey to six months after the drilling rig is released.
 14. Regulation 27(b) will be amended to allow licensees to use electric logs that are considered equivalent or superior to those proposed in the original program.
 15. Regulation 29(b) will be deleted.
 16. Regulation 30 will be amended to allow an administrative penalty to be levied for a fitness-for-purpose report that is not submitted on time as per Regulation 30(5), or that does not, in the Minister's opinion, satisfy content requirements in accordance with Regulation 30(6). The penalty will be up to \$10,000 plus up to \$1,000 per day.
 17. A provision will be introduced under Part 7 to allow production, sales and value statistics submitted with royalty returns to be publicly released (on a consolidated, annualised product-value basis, without revealing company or joint venture or licence-by-licence statistics) immediately and without consultation with the licensee.
 18. Regulation 32(4)(a) will be amended to read "the results of any assessment or investigation of the conditions or circumstances that caused or contributed to the occurrence of the incident, including an assessment of the effectiveness of the design, procedures and management systems that were in place to prevent the incident occurring".
 19. Regulation 32(6)(e) will be amended to read "the cause of the incident, including an assessment of the effectiveness of the design, procedures and management systems which were in place to prevent the incident occurring".
 20. Regulation 33(1)(e) will be amended to allow licensees to seek Ministerial agreement to list only non-standard geotechnical reports (Regulation 47) in an annual report.
 21. The requirement under Regulation 33(3) for licensees to report expenditure under specified headings will be removed to enable a total amount to be reported.
 22. Regulation 35(1)(c) will be amended to extend the time frame for submission of geophysical operations reports to 12 months after completion of recording of data.
 23. Regulation 36(1) will be amended to extend the time frame for submission of geophysical interpretation reports to 12 months after the completion of processing or reprocessing.
 24. Regulation 37(4) will be amendment to enable speculative survey data to be held confidential for a maximum period of 8 years.

25. Regulation 38(2) will be amended to clarify that the submission of daily drilling reports due on weekends and public holidays may be submitted by 10am of the next working day, unless otherwise required.
26. Regulation 38(3) will be amended to require licensees to provide results of cement calculations and formation integrity tests (including leak off tests) in daily drilling reports.
27. Regulation 39(1) will be amended to extend the time frame for the submission of wireline logs to two months from acquisition date.
28. Regulation 40(2)(p) will be amended to clarify that well completion reports must include an interpreted post drill structure map of the primary objective and an interpreted seismic section, only for exploration and appraisal wells.
29. Regulation 40(2)(c)(i) and (ii) will be deleted.
30. Regulation 47(2)(a) will be modified to enable the release of general technical and/or analytical reports for public inspection to be two years after the report is substantially completed or first received from the licensee.
31. Regulations 50 and 51 will be amended to require that, if errors in previously transmitted data are detected by either the licensee or PIRSA, replacement data be provided by the licensee as soon as practical.
32. The licence fees for Gas Storage Licences and Gas Storage Retention Licences will be set out in Schedule 1 of the Regulations, with a maximum fee of \$120,000 (for a high official surveillance operator) for each type of licence.
33. Information regarding applicable penalties for Section 86(1) of the Act and Regulations 31(2) and 31(3) will be included in Schedule 2 of the Regulations.

SUBMISSIONS

Submissions on the Bill and Regulation amendments will be accepted until **26 September 2008**.

Submissions should be addressed to:

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