

Department of Jobs,
Precincts and Regions

Preparing new work programs during the onshore petroleum moratorium

GUIDANCE NOTE FOR AUTHORITY HOLDERS UNDER
THE *PETROLEUM ACT 1998*

1 Background

1.1 Purpose of this guidance note

The purpose of this guidance note is to provide holders of petroleum exploration permits and retention leases with assistance in preparing and submitting new work programs.

New work programs must be submitted by **1 January 2021**. If the Minister accepts a new work program, it will be valid from 1 July 2021 when the onshore gas moratorium ends.

1.2 Scope of this guidance note

The scope of this guidance note includes:

- the general requirements for reactivating onshore petroleum authorities that have been subject to the moratorium;
- the permanent ban on hydraulic fracturing;
- the specific requirements of preparing a new work program; and
- submitting a new work program.

The scope of this guidance note does not include preparing operation plans. Operation plan guidelines will be released following the remaking of the Petroleum Regulations in 2021.

2 Restarting onshore petroleum activities

The *Petroleum Legislation Amendment Act 2020* (PLAA) amends the *Petroleum Act 1998* (Petroleum Act) to prepare for the orderly restart of petroleum exploration and production on 1 July 2021. References in this document to 'new' sections of the Petroleum Act are references to provisions that will be inserted into the Petroleum Act by the PLAA. These new sections can be found in the PLAA prior to their proclamation and inclusion in the Petroleum Act.

Under new section 261 of the Petroleum Act (found in section 29 of the PLAA), petroleum exploration permits and retention leases that were in force immediately before the commencement of the moratorium will be reset on 1 July 2021 with the effect that the permits and leases will be valid for a further five years.

Exploration permit and retention lease holders will need to:

- submit a new work program by 1 January 2021 and have it approved under new section 260 of the Petroleum Act (found in section 28 of the PLAA); and
- submit a new or varied operation plan on or after 1 July 2021 under new section 264 of the Petroleum Act (found in section 29 of the PLAA) prior to carrying out any petroleum operations.
- The new work program will commence at year one from 1 July 2021. It should take into account what authority holders have previously delivered and committed to under the previous work program.

3 Excluding hydraulic fracturing

Section 16A of the Petroleum Act permanently bans hydraulic fracturing, and under new section 263 of the Petroleum Act (found in section 29 of the PLAA) any part of an existing work program that includes this practice is invalidated. Authority holders therefore must ensure that their new work program does not include hydraulic fracturing.

Exploration permit and retention lease holders' submissions will need to consider the potential for gas production from reservoirs using conventional methods. That is, producing gas from target reservoirs without the use of hydraulic fracturing in the event that a commercially viable resource is confirmed.

4 Preparing new work programs

Relevant authority holders are requested to submit information relating to some or all of the following sections:

- 4.1. Completed elements
- 4.2. Summary table
- 4.3. Technical review
- 4.4. Exploration elements
- 4.5. Key objects
- 4.6. Appraisal of the resource's commercial viability
- 4.7. Financial capacity and technical competency
- 4.8. Environmental commitment
- 4.9. Stakeholder engagement

Holders of an exploration permit are requested to submit information relating to all sections excluding section 4.6.

Holders of a retention lease who do not intend to carry out any petroleum operations under the lease can submit a document declaring that intention and are therefore not expected to submit information relating to any of the following sections.

Holders of a retention lease who do intend to carry out petroleum operations are requested to submit information relating to all sections excluding section 4.5.

4.1 Completed elements

It is requested that authority holders provide the following:

- 4.1.1 A summary and evidence of the completed elements of the previous work program (prior to the commencement of the moratorium).
- 4.1.2 A summary and evidence of activities undertaken during the moratorium period (from the end of 2012 to date) that do not fall within the meaning of "petroleum exploration" (as defined in section 7 of the Petroleum Act). For example, desktop studies.

NOTE: Authority holders are permitted to undertake desktop studies during the moratorium period. Any desktop studies can be used to inform your new work program submission and therefore proposed future work. However, credit for desktop studies undertaken during the moratorium period cannot be claimed in later years to satisfy a work program requirement.

4.2 Summary table

As with the submission of the initial work program, it is requested that relevant authority holders summarise the new work program elements by year and estimated expenditure. The new work program should take into account what has previously been committed to and delivered under the previous work program and start at year one in the new table below. If authority holders intend to complete the work program in less than five years, it is requested that they indicate the year in which they expect to apply for the next authority.

Year	Work program elements	Estimated expenditure
1		
2		
3		
4		
5		

4.3 Technical review

It is requested that holders of exploration permits and retention leases provide the following:

Geological targets

- 4.3.1 A list of the plays that are being targeted (stratigraphic units and approximate depth).
- 4.3.2 The evidence that has been interpreted to identify the targets and discussion about the play elements as they relate to the petroleum system.
- 4.3.3 A map illustrating potential leads or prospects and an outline of how the leads or prospects were determined/assessed.
- 4.3.4 The key play risks and how the proposed work program will address these risks.

Exploration strategy

- 4.3.5 An outline of how the exploration strategy will advance the understanding of the petroleum potential of the permit.

4.4 Exploration elements

It is requested that holders of exploration permits and retention leases provide the following:

Desktop/laboratory studies

- 4.4.1 An outline of the desktop and laboratory studies undertaken to date and an overview of any proposed further studies. This should include the type, scope and objectives of the desktop and laboratory studies, and how these studies align with other work program elements and the exploration strategy.

Seismic reprocessing

If authority holders intend to undertake seismic reprocessing, it is requested they provide the following:

- 4.4.2 The amount, type and timing of seismic data reprocessing to be carried out, including parameters and methodology.
- 4.4.3 A discussion on how the reprocessing aligns with other work program elements and the exploration strategy.

Seismic or other surveys

If authority holders intend to acquire new seismic data or undertake other surveys, it is requested they provide the following:

- 4.4.4 The program (including area) and proposed schedule to acquire the new data.
- 4.4.5 An account of how preparation, lead times and availability of services have been considered in the schedule including the amount, type and timing of data acquisition and processing to be carried out, including parameters and methodology.
- 4.4.6 An outline of how this data acquisition aligns with other work program elements and the exploration strategy.
- 4.4.7 If only wells are proposed, the reasons for not acquiring seismic or other survey data.

Proposed wells

It is requested that authority holders provide the following:

- 4.4.8 An outline of the drilling program including the proposed objectives for each exploration well (if known), the timing and approximate depth (if known) of proposed exploration wells and their alignment with proposed plays and/or mapped prospects/leads.
- 4.4.9 Details of the program and the proposed schedule and an explanation of how preparation and lead times and availability of services have been considered in the schedule.

4.5 Key objects

Under new section 260 of the Petroleum Act (found in section 28 of the PLAA), the Minister must declare certain elements of an exploration permit holder's new work program as key objects. Key objects must be achieved to the maximum extent that is practicable. In accordance with section 31 of the Petroleum Act, if the key objects are not achieved, the Minister must not renew a permit.

- 4.5.1 Exploration permit holders may nominate which elements of their work program are the key objects noting that the Minister has the ultimate discretion in declaring which elements will be the key objects.

4.6 Appraisal of the resource's commercial viability

It is requested that holders of retention leases (who plan to undertake petroleum operations under the lease) provide an assessment of the commercial viability of the resource and strategy for developing it **without using hydraulic fracturing** that includes the following:

- 4.6.1 Details of the resource including the field extent and initial in-place and contingent resource estimates at proved, probable and possible levels.
- 4.6.2 An account of the prevailing market conditions.
- 4.6.3 Information on the technology and equipment readily available within the industry.
- 4.6.4 Calculation of an internal rate of return or equivalent financial metric that is considered acceptable for the type of project under consideration by a reasonable petroleum developer and by investors or lenders to the industry.
- 4.6.5 The timeframe in which it is expected that the resource will become commercially viable.

4.7 Financial capacity and technical competency

It is requested that authority holders provide the following:

Estimated expenditure

- 4.7.1 The indicative costs of undertaking each of the elements of the work program with details of how they have been estimated. Cost estimates should be itemised to discrete components, resources and activities wherever possible to allow for a more detailed understanding and review.

Funding of the work program

- 4.7.2 An outline of how the work program is intended to be funded including evidence of the continued ability to attract external funding or sufficient financial resources to deliver the proposed work program.

Audited consolidated financial statements

The following financial statements (dated not more than twelve months from the date the work program is submitted):

- 4.7.3 A balance sheet;
- 4.7.4 An income statement;
- 4.7.5 A cash flow statement;
- 4.7.6 Notes to the accounts in a format consistent with generally accepted accounting principles; and
- 4.7.7 The prior year's comparable financial statements.

Audited financial accounts are acceptable.

Completion of the work program

- 4.7.8 An explanation of how the work program will be completed considering the authority holder's commitment to other projects over the next five years.
- 4.7.9 The strategy for procuring services that will deliver the proposed work program on time.

Technical capacity and competency

- 4.7.10 The technical capacity and capability available to the authority holder including the number of key personnel and subcontractors, their geotechnical/engineering capacity and capability (qualifications), and their amount and type of relevant experience.
- 4.7.11 An outline of the roles, responsibilities and availability of the authority holder's personnel and subcontractors to complete the work program and their location if based outside Australia.

Past performance

- 4.7.12 Examples where the authority holder has previously completed a comparable work program either in Australia or overseas. This should include the authority holder's social, environmental and economic performance.

4.8 Environmental performance

It is requested that authority holders provide an outline of current and past:

- 4.8.1 environmental performance of petroleum operations related to existing tenements or other projects within Victoria and Australia;
- 4.8.2 impacts on individuals, public safety and public amenity arising from petroleum operations carried out within existing tenements or other projects within Victoria and Australia.
- 4.8.3 rehabilitation performance within existing tenements or other projects within Victoria and Australia.

Note that new operation plans, and operation plans that are proposed to be varied, will still require the development of an environment management plan (under the Petroleum Regulations). Further guidance, which will be published in line with the remaking of the Petroleum Regulations, will set out updated requirements.

4.9 Stakeholder and community engagement

Stakeholder and community engagement should seek to achieve an engaged and informed community through a planned approach that incorporates multiple channels while remaining flexible to change based on the needs of stakeholders. It should be reviewed and updated regularly.

It is requested that authority holders describe their stakeholder and engagement approach to include the following:

- 4.9.1 Stakeholder analysis – identification of major stakeholders and communities likely to be affected by, or interested in the operations.
- 4.9.2 Issues register – a summary of known interests, concerns and issues (social, environmental and economic) linked to the operations and how these will be addressed.
- 4.9.3 Feedback channel – an outline of how feedback will be collected, analysed and used.
- 4.9.4 Complaints process – including registration, documentation, investigation, resolution and response.
- 4.9.5 Stakeholder and community engagement charter or commitment statement (or similar) and a copy or link to a copy.
- 4.9.6 Resource allocation – the resources that the authority holder has, or will have, to conduct stakeholder and community engagement until project completion.

Operation plan guidelines, which will set out future requirements for stakeholder engagement for petroleum operations, will be published in line with the remaking of the Petroleum Regulations.

Authority holders are encouraged to start engaging with their local communities and stakeholders as soon as is practicable to identify any concerns linked to proposed operations and how authority holders might address these. This will inform future community and stakeholder engagement planning and increase the likelihood of positive ongoing activities and outcomes.

5 Submitting the new work program

Please submit your new work program (and information requested above) in MS Word or PDF by email to petroleum.licensing@ecodev.vic.gov.au and you will be notified of its receipt. The new work program will be assessed, and if acceptable, will be approved prior to 1 July 2021.

New work programs must be submitted by 1 January 2021.

6 Contacting Earth Resources Regulation

You may contact Earth Resources Regulation Licensing via email at: petroleum.licensing@ecodev.vic.gov.au or via phone on 1300 366 356 (between 9am and 4.30pm Monday to Friday).

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