

Committee Name
ANSWERS TO QUESTIONS ON NOTICE
Department of Industry, Science, Energy and Resources
Inquiry into Australia's Oil and Gas Reserves

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: NOPTA - ACIL Allen report

REFERENCE: Written Question on Notice

QUESTION No.: 6

1. Can NOPTA provide the committee with a copy of the report covering the handling, release and/or protection of data conducted by ACIL Allen to the committee?
2. During the hearing there was some discussion about the metrics NOPTA uses to assess the return for the Australian public in regards to the loss of the finite resources, the response was rather broad touching on a number of elements, with a focus on PRRT. Can NOPTA provide definitive advice on the metrics used by NOPTA to assess the return?
3. Does NOPTA calculate a projected return on sale of resources from a given field or tenement as part of the approval process?
 - a. Is there any analysis or ongoing monitoring of a project, to determine if it is proceeding in accordance with the projections?
4. The NOPTA submission stated that there were 26,100 people being employed in 2019, can NOPTA advise which are Australian employees or foreign expats or FIFO workers?
5. Has a license ever been cancelled or an extension refused due to no petroleum recovery operations having been conducted for 5 years?
6. Is NOPTA familiar with the Enhanced Oil Recovery process?
 - a. Has the Agency undertaken any investigation into this form of recovery?
 - b. If so, has an assessment been made on how it might be able to extend the field life of our existing fields?
 - c. Are there any occurrences in Australia of this being used?

ANSWER

1. As part of the Inquiry into Australia's Oil and Gas Reserves, the department has already responded to this question. Please see answer to Question No.1 'Report from Acil'.
2. The National Offshore Petroleum Titles Administrator (NOPTA) assesses the commercial viability of resources, in accordance with the *Offshore Petroleum and Greenhouse Gas*

Storage Act 2006 (the OPGGS Act), at the grant or renewal of a petroleum retention lease (Please see 3 below for further information on Retention Lease administration).

The key metrics considered by NOPTA are the after-tax Net Present Value (NPV) and Internal Rate of Return (IRR) of the development concepts identified for the development of the resource. Further details on the approach taken to assessing commercial viability is available in the 'Guideline - Grant and Administration of a Retention Lease and Related Matters'.

NOPTA considers the potential impact of taxation (both company tax and petroleum resources rent tax (PRRT)) in assessing the commercial viability of resources. A project that is commercially viable, that is provides a commercial rate of return to the titleholder, would be expected to be profitable and generate taxable revenue. NOPTA does not collect information in relation to actual taxation outcomes for individual projects.

3. Under the OPGGS Act, the grant or renewal of a petroleum retention lease requires the applicant demonstrate that resources are not currently commercially viable but are likely to become so within 15 years.

NOPTA assesses the information provided by applicants to provide advice to the Joint Authority on the current and likely future commercial viability of the resource, for consideration in deciding on whether to grant or renew a retention lease.

An applicant is required to provide a broad range of technical and economic data as outlined in the publicly available 'Guideline - Grant and Administration of a Retention Lease and Related Matters'. The information required includes details of the IRR and NPV (and supporting assumptions and underlying data) associated with the possible range of development concepts identified for developing the resource. Assessment of the application includes examining the potential returns forecast by a titleholder from developing a resource (i.e. the sale of resources) as well as calculating estimates of taxation.

Ongoing performance of an individual project over time is monitored against the accepted Field Development Plan through regular reporting from titleholders, such as monthly production reporting and annual title assessment reports, and regular engagement with industry on project outcomes and future plans. The primary objective is to maximise the recovery of economic resources (optimal recovery).

4. As part of the Inquiry into Australia's Oil and Gas Reserves, the department has already responded to this question. Please see answer to Question No 3.
5. Under section 166 of the OPGGS Act the Joint Authority may terminate a life-of-field production licence if no petroleum recovery operations have been carried on at any time during a continuous period of at least 5 years (excluding any period where no operations were carried on because of circumstances beyond the licensee's control).

Since the commencement of NOPTA, on 1 January 2012, two life-of-field production licences have been terminated under section 166 of the OPGGS Act.

For further information see –

- AC/L1 - <https://public.neats.nopta.gov.au/Title/678b2883-7a08-4187-9777-0b7ae451b96e>

- AC/L2 - <https://public.neats.nopta.gov.au/Title/7ae58c98-904e-41fa-a97c-80d06aa7d4c2>

6. Enhanced oil recovery (EOR) comprises a range of techniques that can be employed to improve the recovery of oil beyond what is possible through natural reservoir depletion. NOPTA actively engages with titleholders and international jurisdictions on the application of EOR techniques.

While EOR has been widely used globally in onshore oil developments, particularly those characterised by low recovery rates, the range of techniques applied offshore has been more limited due to technical and economic constraints.

Opportunities for EOR are considered as part of the assessment of proposed field development plans and in assessing ongoing field performance. NOPTA engages closely with producing titleholders to ensure all options for extending production are considered throughout the lifetime of a project.

A range of techniques that enhance the recovery of oil are used in a number of offshore fields.