

Offshore Petroleum and Greenhouse Gas Storage 2006, Proposed Section 3 A

(1) In this section unless the contrary intention appears-

Minister means the responsible Commonwealth minister who may delegate authority under this section to the National Offshore Petroleum Safety and Environmental Management Authority.

Project economic criteria in respect of a petroleum project means-

- (a) the capital cost of the project over its expected life;
- (b) the maintenance and operating costs of the project over its expected life;
- (c) the amount and value of the petroleum the project will produce over its expected life;
- (d) the amount of income tax, petroleum resource rent tax and indirect taxes and royalties that will be payable annually under Australian law in relation to the project;
- (e) the number of jobs in Australia that will be created directly by the project, or indirectly in activities dependent on the project, over its expected life;
- (f) the amounts included in paragraphs (a) and (b) that result from manufacture, fabrication, construction, engineering and similar processes that occur in Australia or services by entities or individuals permanently resident in Australia for income tax purposes;
- (f) the amount of emissions into the atmosphere and the sea that the project will cause annually over its expected life and the cost of mitigating or offsetting them to reduce them to zero;
- (g) the cost of decommissioning the project's infrastructure and facilities and rehabilitating the sea bed and land affected by the project; and
- (h) the before and after tax returns of the titleholder from the project on an annual basis over its expected life.

Project operation plans in respect of a petroleum project means plans to-

- (a) maximise the economic return to Australia from the project and minimise waste;
- (b) develop the project jointly with other petroleum projects (whether by the titleholder for the project or another person) in order to lower costs of development, production and decommissioning, and to make use of small reserves of petroleum;
- (c) benchmark and monitor the project's economic criteria and its performance against the project objectives and report them to the Minister over the expected life of the project;

- (d) identify and manage the risks of the project, including its engineering, construction, commissioning, production and decommissioning and performance against budget and timetables over its expected life; and
- (h) continuously improve the economic and environmental performance of the project.

project means one or more activities that are undertaken for the purpose of the recovery of petroleum, other than on an appraisal basis, including any conveyance of recovered petroleum by pipeline (whether or not the activity is undertaken for other purposes).

Project objectives means objectives for the project approved by the Minister under section 3A(7) in respect of the project economic criteria and project operation plans.

Title means a petroleum production licence [or petroleum retention lease] under the Offshore Petroleum and Greenhouse Gas Storage Act 2006 and **titleholder** means the holder of those titles.

(2) The Minister and all public officials performing actions under this Act shall carry out resource management of petroleum resources as stewards of that petroleum for present and future generations and accordingly must balance short term needs with the need to safeguard the ability to meet long term needs, especially where things done to meet short term needs may have detrimental long term effect.

(3) The management of Australia's petroleum resources must be carried out—

- (a) using a long term perspective to benefit the whole of Australian society, both present and future;
- (b) to maximise the economic return to Australia from a project and minimise waste so that full value is received for the petroleum produced;
- (c) in a manner which safeguards the ability of future generations to meet their needs;
- (d) using the best technology available; and
- (e) so the infrastructure needed for projects (including power generation, pipelines, and production facilities) is constructed, provided and used with maximum efficiency and, where possible, is shared between petroleum projects and titleholders.

(4) An application for a title must include the following—

- (a) estimates for each of the project economic criteria with detailed supporting material and suggested project objectives for each criterion and project operating plan;
- (b) its project operation plans; and
- (c) reasons why the applicant believes that issuing the title would comply with section 3A(3).

(5)After receiving an application for a title the Minister may invite the applicant to revise all or any of —

- (a) its estimates of the project economic criteria;
- (b) the project operation plans; and
- (c) its suggested project objectives.

(6)Before issuing a title, the Minister must publish draft detailed reasons for deciding to issue it, and a request for public comment that allows at least [period] for comments to be sent to the Minister.

(7)The Minister must not issue a title unless the Minister—

- (a) has considered and responded in writing to any comments received after the request published under section 3A(6); and
- (b) is satisfied that the applicant's project operation plans and suggested project objectives are sound; and
- (c) is satisfied that issuing the title will comply with section 3A(2) and section 3A(3).

(8)An issued title must include the following—

- (a) the project's project economic criteria;
- (b) the project's approved project operation plans;
- (c) the project's approved project objectives;
- (d) the Minister's written reasons for deciding to issue the title; and
- (e) any comments received after the request published under section 3A(5) and the Minister's responses to them.

(9)An issued title is subject to these conditions—

- (a) if the project objectives are not achieved in any year, the Minister may cancel the title; and
- (b) if the titleholder does not carry out the project's project operation plans in any year, the Minister may cancel the title.

(10) Every 3 years after the date of the issue of a title, the Minister must review the petroleum project to which the title relates and the holder's performance and—

- (a) decide whether the project's economic criteria and project objectives are being exceeded or are not being achieved (as the case requires);
- (b) decide whether the titleholder is carrying out the project's project operation plans;
- (c) publish the result of the review; and
- (d) publish the Minister's decisions made as a result of the review and the reasons for them.

(11) The Minister must comply with section 3A(10) within 6 months after the relevant anniversary of the date of the issue of a title.

(12) A project's project objectives and project operation plans may be varied by the Minister

- (a) as part of a review under Section 3A(10);
- (b) if the Minister is considering cancelling a title under section 3A((9) and the titleholder responds to a notice requiring it to show cause why the title should not be cancelled and proposing a variation; or
- (c) a titleholder applies for a variation.

(13) The basis for the Minister's decisions under this section will be expanded by assumptions, methodologies, requirements and clarifications that the Minister makes publicly available.