



THE SENATE

Economics Legislation Committee

Inquiry into the Offshore Petroleum (Laminaria and Corallina Decommissioning Cost Recovery Levy) Bill 2021 [Provisions] and Treasury Laws Amendment (Laminaria and Corallina Decommissioning Cost Recovery Levy) Bill 2021 [Provisions]

Answer to Question on Notice

Question:

Senator PATRICK: Maybe take this question on notice, noting that the chair wants me to move on. Can you provide some examples of those other jurisdictions, the approach that they take and any points to legislation where a bond arrangement is established through legislation? I'm not one to shy away from putting amendments up to bills.

Mr Beshara: We'll take that on notice, if that's ok.

Answer:

The United States Bureau of Ocean Energy Management have a range of regulations that require a high level of transparency of liabilities and these are used to guide risk assessments for the determination of financial assurance/bond requirements.

Eg. General Financial Assurance requirements

<https://www.boem.gov/sites/default/files/regulations/Notices-To-Lessees/2015/NTL-No-2015-N04.pdf> and

Model Decommissioning Trust Agreement [https://www.boem.gov/sites/default/files/oil-and-gas-energy-program/Leasing/Regional-Leasing/Gulf-of-Mexico-Region/Model Decommissioning Trust Agreement.pdf](https://www.boem.gov/sites/default/files/oil-and-gas-energy-program/Leasing/Regional-Leasing/Gulf-of-Mexico-Region/Model%20Decommissioning%20Trust%20Agreement.pdf)

The Alberta Energy Regulator (Canada) has recently developed a sophisticated financial transparency program that is used to manage fiscal risk to the state. There is an industry-managed fund in place to fund the removal of orphan wells (although it is important to note that even this program is seen as being insufficient to deal with the coming decommissioning wave). <https://www.aer.ca/regulating-development/project-closure/liability-management-programs-and-processes/liability-management-rating-and-reporting> and Suspension and Abandonment | Alberta Energy Regulator

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