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30 September 2021

The Hon. Anthony Chisholm
Chair, Senate Economics References Committee
Parliament House
CANBERRA ACT 2600

Via email: Economics.Sen@aph.gov.au

Dear Mr Chisholm

Re: Questions on notice from appearance at inquiry on Australia's oil and gas reserves

Thank you for the opportunity to appear before the Committee in the above inquiry. Senator Patrick asked at the hearing, in the course of discussion, about:

1. Instances of tenements being removed by the National Offshore Petroleum Titles Administrator (NOPATA) because they were not being used
2. Operators that were interested in setting up operations in tenements that are currently unused.

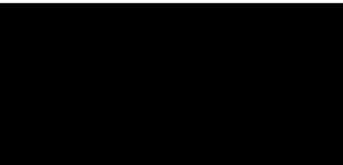
Under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (the Act), retention leases allow a petroleum developer to secure title over a resource that is not currently commercially viable, but is likely to become so within 15 years. An initial lease is granted for 5 years, and further five year grants can be issued if NOPATA is satisfied that recovery of petroleum is still not commercially viable but likely to become so within 15 years.

Retention leases play an important role in securing investment to develop offshore resources, noting the significant capital requirements to undertake such a development. However, if the area of a retention lease is not significantly explored or developed years after it is secured, it is sensible to allow other potential developers to investigate the commercial viability of developing the resource.

According to NOPATA's National Electronic Approvals Tracking System (NEATS) the oldest active retention lease was granted to Esso and BHP in the Bass Strait in 1995 and remains in place until 2023. Bonaparte and Santos similarly have an active retention lease in the Bonaparte Basin that was granted in 2003, in place until 2025. There is no evidence to indicate these projects will be developed in the near future, raising questions around whether they are in fact commercially viable, or whether another operator would be interested in bringing this gas to market.

NEATS indicates that no retention leases have been cancelled by NOPATA, despite rhetoric from the current Coalition Government over several years that they would make greater use of 'lose-it-or-lose-it' provisions available to them under the Act.

The AWU would welcome further investigation of this critical issue with NOPATA and the Department of Industry, Science, Energy and Resources.



Daniel Walton
NATIONAL SECRETARY