



## CHIEF MINISTER

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Mr Mark Fitt  
Committee Secretary  
Senate Economics Legislation Committee  
via email: [Economics.Sen@aph.gov.au](mailto:Economics.Sen@aph.gov.au)

Dear Mr Fitt

Thank you for your invitation of 26 March 2021 to make a submission to the Senate Economics Legislation Committee's (the Committee) Inquiry into Offshore Petroleum and Greenhouse Gas Storage Amendment (Benefit to Australia) Bill 2020 (Bill).

The Northern Territory is highly supportive of efforts to ensure that there is tangible and proportionate benefit to all Australians from the extraction of Australia's finite gas and petroleum resources. As requested, I have confined my comments to the three identified matters; retention leases, decommissioning costs and offshore domestic gas reserve obligations.

### Retention Lease

The *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGS Act) contains provisions that ensures timely development of petroleum resources, which includes a requirement to seek approval for renewal of retention leases every five years and the ability for the regulator to apply conditions to the renewal and changes to the work program to ensure appropriate development occurs.

I also note the July 2018 report (cited by the Australian Petroleum and Production Exploration Association in its submission to the Committee) commissioned by the COAG Energy Council found that, "*there appears to be no evidence that gas is being withheld (or warehoused) from development and production*". The evidence suggests that the 'hoarding of petroleum reserves' through the use of retention leases is not a systemic issue, as submitted to the Committee.

### Decommissioning Costs

As petroleum fields both onshore and offshore approach end of life, decommissioning is becoming an issue. It is a complex matter which requires balance between reducing liabilities on government and investment attraction.

The Australian Government's Department of Industry, Science, Energy and Resources commenced consultation earlier this month on an Exposure Draft of the *Offshore Petroleum and Greenhouse Gas Storage Amendment (Titles Administration and Other Measures) Bill 2021*.

The Exposure Draft Bill proposes changes relevant to enhancing the regulatory framework around decommissioning. It would be the Territory's strong preference to allow this process to run its course and I would be interested to understand the outcomes as it will have direct bearing on the question of decommissioning costs.

#### Offshore Domestic Gas Reserve Obligations

Upon reading section 4 of the OPPGS Act, it appears that the final use of petroleum resource is not within scope of the legislation.

I understand that the Department of Industry, Science, Energy and Resources is already considering the matter of domestic gas reservation.

Should the Committee require further information or clarification, I encourage you to contact Mr Louis Gomatos, Senior Director Petroleum Operations, Northern Territory Department of Industry Tourism and Trade. Mr Gomatos can be contacted via email at

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Yours sincerely

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MICHAEL GUNNER

19 APR 2021