

Senate Environment and Communications References Committee
ANSWERS TO QUESTIONS ON NOTICE
Department of Industry, Science, Energy and Resources
Inquiry into Oil and gas exploration and production in the Beetaloo Basin
02 August 2021

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

TOPIC: QoN 17. Additional Written Questions from Chair, Senator Hanson-Young

REFERENCE: Question on Notice (Written, Senator Hanson-Young, 16 August 2021)

QUESTION No.: 17

1. Do the Imperial Oil & Gas EP187 projects (or any one of them) fall outside of the Beetaloo Sub-basin geological boundary? If so:
 - i. On what basis did the independent assessment committee and/or the department recommend that the relevant grant should be awarded to the project?
 - ii. Did the independent assessment committee and/or the department advise the Minister for Resources and Water that this was the case? If not, why not?
2. If the Minister for Resources and Water was aware that the Imperial Oil & Gas EP187 projects (or any one of them) fell outside of the Beetaloo Sub-basin geological boundary, on what basis did he approve the relevant grant or grants?
3. How does the independent assessment committee reach a decision on which applications to recommend to the Minister for Resources and Water? In particular:
 - i. If there is disagreement among committee members, how is this resolved?
 - ii. Are applicants given the opportunity to revise their applications? If so, how does this affect their ranking in a 'first-come-first-served' application process?
4. In relation to Response No. 8 and its attached spreadsheet:
 - i. What are the relevant elements for Criterion 1, 2 and 3?
 - ii. Why are there no comments in the 'Comments' column?
 - iii. Have any comments been redacted or removed from the 'Comments' column?
 - iv. Is there another document that provides the reason for the ranking by independent committee members? If so, please provide a copy.
 - v. Under the tab 'Summary Briefing Data':
 - Please provide a brief explainer and background of each of the three committee members and their qualifications for being chosen to assess the merits of the grant application
 - Please outline what the relevant elements were for 'criterion 1, 2 and 3' are in the assessment document
 - Please explain the relevance of 'electorates' to be included in an assessment process?
 - Is inclusion of electorates a standard government pro-forma for processing grant applications or was it purposely designed by the department?
5. Did the department seek any advice or input from Treasury in relation to the grant applications made by Imperial Oil and Gas?
6. Please provide the latitude and longitude of the proposed 3 wells that have been approved under Imperial Oil and Gas' application to confirm that they fall within the Beetaloo Sub-basin geological boundary.
7. Did Minister Taylor or his staff discuss with any employees or directors of Empire Energy, the design of the grant program, including but not limited to, it being designed as a first-in-first-served program? If so, please outline the details of what was discussed.

8. How much money did the Hume Forum raise from its fundraising event in Darwin on 15 October 2020?
9. While Empire Energy covered the costs for the Chair of the Hume Forum, Mr Ryan Arroll to fly from Darwin to Empire Energy's Carpentaria well and back, who paid for his flights into and out of Darwin?

ANSWER

1. The three approved Imperial Oil & Gas projects lie within the geographic boundary established by the Beetaloo Cooperative Drilling Program Grant Opportunity Guidelines for the purpose of determining eligibility for the program.
2. See response to Question 1.
3. The independent assessment committee discuss applications and whether they satisfactorily meet the eligibility and assessment criteria established under the Beetaloo Cooperative Drilling Program Grant Opportunity Guidelines. These deliberations deliver a consensus position. Projects that the independent assessment committee deem on a consensus basis to have satisfactorily met the eligibility and assessment criteria are recommended to the Minister.

Section 7 of the grant opportunity guidelines establishes that the Committee "may ask for clarification or additional information" from the applicant. Applications are assessed on their merits at the point in time at which the applications or clarifications are provided.

If an application is unsuccessful it may be revised or resubmitted at a later time - it cannot be advanced in the submissions order assessment process.

4.
 - i. Refer to section 6 of the Program guidelines 'assessment criteria'. (Program guidelines provided).
 - ii. Committee members chose not to input comments.
 - iii. No comments have been redacted or removed from the Comments column.
 - iv. The Committee minutes explain the decision making process of the committee. These have been attached.
 - v. Assessment Panel members bring their unique experience and knowledge to assessment of applications. They were selected based on their ability to assess applications against key assessment criteria of the Grant Opportunity Guidelines.
- **Please provide a brief explainer and background of each of the three committee members and their qualifications for being chosen to assess the merits of the grant application**

On the panel there is:

1. A DISER representative who has policy responsibility for the Program and significant public policy expertise.
2. A highly qualified Geoscience Australia representative that can advise on the impact of proposed activities on understanding of petroleum systems in the Beetaloo and subsequent development.
3. An individual who has been working with the NT Government for the past 3 years regulating upstream and midstream oil and gas industry, with an intimate

understanding of regulatory obligations and industry activity in the NT. Prior to this, the individual had over 20 years' experience in the oil and gas industry in Australia and internationally.

- **Please outline what the relevant elements were for 'criterion 1, 2 and 3' are in the assessment document**

Refer to section 6 of the Program guidelines 'assessment criteria'. (Program guidelines provided).

- **Please explain the relevance of 'electorates' to be included in an assessment process?**

Electorates are not part of the assessment process.

- **Is inclusion of electorates a standard government pro-forma for processing grant applications or was it purposely designed by the department?**

This is a multipurpose document supporting program assessment and administration. It captures a range of 'fields' from the application form. The Commonwealth Grant Rules and Guidelines establish that Ministers must seek specific approval from the Minister for Finance for projects that are in their electorate. In this instance, electorate information does not form part of an assessment process for the program.

5. No

6. Project 1 - Project location latitude164154 Project location longitude1350637
Project 2 - Project location latitude164421.8 Project location longitude1350637.4
Project 3 - Project location latitude164421.8 Project location longitude1350637.4

7. This question should be directed to the Minister.

8. This question should be directed to the Hume Forum.

9. This question should be directed to the Hume Forum.



Grant Opportunity Guidelines

Beetaloo Cooperative Drilling Program - Grant opportunity

Opening date:	18 March 2021
Closing date and time:	Applications can be submitted until the available funding for this grant opportunity is fully subscribed, or by 5pm AEST 30 June 2022, whichever occurs earlier. Please take account of time zone differences when submitting your application.
Commonwealth policy entity:	Department of Industry, Science, Energy and Resources
Administering entity:	Department of Industry, Science, Energy and Resources
Enquiries:	If you have any questions, contact us on 13 28 46.
Date guidelines released:	18 March 2021
Type of grant opportunity:	Open non-competitive

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1. Beetaloo Cooperative Drilling Program - Grant opportunity processes

The Beetaloo Cooperative Drilling Program is designed to achieve Australian Government objectives

This grant opportunity contributes to Department of Industry, Science, Energy and Resources' Outcome 1: Enabling growth and productivity for globally competitive industries through supporting science and commercialisation, growing business investment and improving business capability and streamlining regulation. The Department of Industry, Science, Energy and Resources works with stakeholders to plan and design the grant program according to the [Commonwealth Grants Rules and Guidelines](#).



The grant opportunity opens

We publish the grant guidelines on business.gov.au and GrantConnect.



You complete and submit a grant application

You complete the application form, addressing all the eligibility and assessment criteria in order for your application to be considered.



We assess all grant applications

We review the applications against eligibility criteria and notify you if you are not eligible. We assess eligible applications against the assessment criteria including an overall consideration of value with relevant money.



We make grant recommendations

We provide advice to the decision maker on the merits of each application.



Grant decisions are made

The decision maker decides which applications are successful.



We notify you of the outcome

We advise you of the outcome of your application. We may not notify unsuccessful applicants until grant agreements have been executed with successful applicants.



We enter into a grant agreement

We will enter into a grant agreement with successful applicants. The type of grant agreement is based on the nature of the grant and proportional to the risks involved.



Delivery of grant

You undertake the grant activity as set out in your grant agreement. We manage the grant by working with you, monitoring your progress and making payments.



Evaluation of the Beetaloo Cooperative Drilling Program

We evaluate the specific grant activity and grant opportunity as a whole. We base this on information you provide to us and that we collect from various sources.

2. About the grant opportunity

The Beetaloo Cooperative Drilling Program (the program) is a component of the [Beetaloo Strategic Basin Plan](#) delivered under the Australian Government's broader Gas-fired recovery plan. The program is designed to encourage investment by accelerating exploration and appraisal activities in the Beetaloo sub-basin within a time-defined window. The program will run over two years from 2021-22 to 2022-23, with an aim to accelerate exploration efforts by the end of 2022.

The objectives of the program are to:

- accelerate exploration and appraisal activities for prospective petroleum resources in the Beetaloo sub-basin
- incentivise drilling in the Beetaloo sub-basin to deliver approximately ten additional wells to build a comprehensive understanding of the resources.

The intended longer-term outcomes of the program are:

- accelerated development of the Beetaloo sub-basin as a potential world-class gas province and aid commercial investment decisions
- maximising the downstream value of the gas industry for the Northern Territory and contributing to gas security across Australia in line with the broader gas strategy.

This document sets out:

- the eligibility and assessment criteria
- how we consider and assess grant applications
- how we notify applicants and enter into grant agreements with grantees
- how we monitor and evaluate grantees' performance
- responsibilities and expectations in relation to the opportunity.

The Department of Industry, Science, Energy and Resources (the department/we) is responsible for administering this grant opportunity.

We administer the program according to the [Commonwealth Grants Rules and Guidelines](#) (CGRGs)¹.

We have defined key terms used in these guidelines in the glossary at section 14.

You should read this document carefully before you fill out an application.

3. Grant amount and grant period

The Australian Government has announced a total of \$50 million over two years from 2021-22 to 2022-23 for the program. Allocation of the funding will be subject to demand.

3.1. Grants available

The grant amount will be up to 25 per cent of eligible project expenditure (grant percentage).

- The minimum grant amount is \$750,000.
- The maximum grant amount is capped at \$7.5 million per well (maximum of three wells per proponent).

You are responsible for the remaining eligible project expenditure plus any ineligible expenditure.

¹ <https://www.finance.gov.au/government/commonwealth-grants/commonwealth-grants-rules-guidelines>

Applications can be submitted until the available funding for this grant opportunity is fully subscribed, or by 30 June 2022, whichever occurs earlier. You must submit an application per well and can submit a maximum of three applications.

Contributions to your project must be cash.

You cannot use funding from other Commonwealth, State, Territory or local government grants to fund the balance of project expenditure not covered by the grant.

3.2. Project period

The maximum project period is up to two years.

It is expected that proposed exploration and appraisal activities occur prior to the end of the 2022 calendar year.

4. Eligibility criteria

We cannot consider your application if you do not satisfy all eligibility criteria.

4.1. Who is eligible?

To be eligible you must have an Australian Business Number (ABN) and be:

- an entity incorporated in Australia and a trading corporation, where your trading activities
 - form a sufficiently significant proportion of the corporation's overall activities as to merit it being described as a trading corporation; or
 - are a substantial and not merely peripheral activity of the corporation.

Joint applications are acceptable, provided you have a lead organisation who is the main driver of the project and is eligible to apply. For further information on joint applications, refer to section 7.2.

4.2. Additional eligibility requirements

We can only accept applications:

- from corporations that hold a petroleum exploration permit or retention licence from the Northern Territory Government, and have commenced all necessary approval processes to undertake petroleum exploration onshore
- where you can provide a letter from your board (or chief executive officer or equivalent if there is no board) that the proposed exploration and appraisal project:
 - is supported
 - can commence within three months of entering into a grant agreement
 - will be completed as per deadlines that may be set in your grant agreement
 - costs that are not covered by grant funding can be met.
- where you can provide evidence of how you will provide your share of project costs such as an accountant declaration that confirms you can fund your share of the project costs, including any ineligible expenditure. An accountant declaration template is available on business.gov.au and [GrantConnect](#). If you do not use this template, you must include equivalent information and the declaration in your own document.

We cannot waive the eligibility criteria under any circumstances.

4.3. Who is not eligible?

You are not eligible to apply if you are:

- an organisation, or your project partner is an organisation, included on the National Redress Scheme's website on the list of 'Institutions that have not joined or signified their intent to join the Scheme' (www.nationalredress.gov.au)
- income tax exempt
- an individual
- partnership
- unincorporated association
- any organisation not included in section 4.1
- trust (however, an incorporated trustee may apply on behalf of a trust)
- a Commonwealth, State, Territory or local government body (including government business enterprises)
- a non-corporate Commonwealth entity

We cannot fund your project if it receives funding from another Commonwealth government grant. You can apply for a grant for your project under more than one Commonwealth program, but if your application is successful, you must choose either the program grant or the other Commonwealth grant.

5. What the grant money can be used for

5.1. Eligible activities

To be eligible your project must:

- be aligned with objectives in Section 2
- propose to bring forward activities by at least 90 calendar days than would otherwise have occurred in the absence of grant funding; or be in addition to your work program activities
- commence within three months of execution of the grant agreement
- complete eligible activities prior to the end of the 2022 calendar year.

Eligible exploration and appraisal activities include but are not limited to:

- airborne and seismic surveying and interpretation
- drilling
- downhole geophysical logging
- site pad preparation for proposed exploration activities (e.g. creation of new well pads, facilitating access roads)
- water bore drilling for proposed exploration activities
- geochemical assay
- hydraulic fracturing
- well testing
- evaluation of data acquired from proposed exploration activities (including petro-physical interpretation, core analyses and fracture stimulation design)

We may also approve other activities closely associated with gas exploration, on a case-by-case basis.

5.2. Eligible locations

Your project must be delivered in the following location:

- an area within the Strategic Regional Environmental and Baseline Assessment (SREBA) boundary for the Beetaloo sub-basin, as defined by the Northern Territory Government.

5.3. Ineligible activities

Your project is ineligible if it:

- does not accelerate planned wells by at least 90 calendar days than would otherwise have occurred in the absence of grant funding
- will be unable to complete exploration activities prior to the end of the 2022 calendar year.

Ineligible activities include, but are not limited to:

- activities that are otherwise not closely associated with resource exploration and appraisal (e.g. roads built as part of land use agreements)
- regulatory activities outside of the *Petroleum Act 1984*, *Petroleum Regulations 2020* and *Petroleum (Environment) Regulations 2016* (e.g. AAPA certification, water licensing costs etc.)
- remediation or rehabilitation works from previous work program and regulated activities
- communication and stakeholder engagement
- resource production related activity.

We may also assess activities as being ineligible, in line with program objectives identified in section 2.

5.4. Eligible expenditure

You can only spend grant funds on eligible expenditure you have incurred on an agreed project as defined in your grant agreement.

- For guidance on eligible expenditure, see appendix A.
- For guidance on ineligible expenditure, see appendix B.

We may update the guidance on eligible and ineligible expenditure from time to time. If your application is successful, the version in place when you submitted your application applies to your project.

If your application is successful, we may ask you to verify project costs that you provided in your application. You may need to provide evidence such as quotes for major costs.

Not all expenditure on your project may be eligible for grant funding. The Program Delegate (who is an AusIndustry general manager within the department with responsibility for the program) makes the final decision on what is eligible expenditure and may give additional guidance on eligible expenditure if required.

To be eligible, expenditure must:

- be a direct cost of the project
- be incurred by you for required project audit activities.

You must incur the project expenditure between the project start and end date for it to be eligible unless stated otherwise.

You may elect to commence your project from the date we notify you that your application is successful. We are not responsible for any expenditure you incur until a grant agreement is executed. The Commonwealth will not be liable, and should not be held out as being liable, for any activities undertaken before the grant agreement is executed.

6. The assessment criteria

You must address all assessment criteria in your application. The assessment committee will evaluate your responses against each criterion by determining whether they are satisfactory or unsatisfactory. You will only be considered for a grant if you can satisfactorily demonstrate that your proposed project will meet all of the criteria given below.

The application form asks questions that relate to the assessment criteria below. The amount of detail and supporting evidence you provide in your application should be relative to the project size, complexity and grant amount requested. You should provide evidence to support your answers. The application form displays size limits for answers.

6.1. Assessment criterion 1

The extent to which your project contributes to understanding of petroleum resource prospects in the Beetaloo sub-basin

You should demonstrate this through identifying:

- a. the amount of exploration and appraisal activities you plan to undertake and the timeframe of the project
- b. how your project will expand the understanding of petroleum resources in the Beetaloo region prior to the end of the 2022 calendar year and explain how this understanding will impact upon future likelihood of resource production
- c. that your project; will be delivered at least 90 calendar days earlier than would otherwise would have occurred in the absence of grant funding, or will be delivered in addition to your work program activities. You must outline your internal decisions, announced plans, and work plans disclosed to the Northern Territory Government.

6.2. Assessment criterion 2

Your capacity, capability and resources to deliver the project

You should demonstrate this through identifying:

- a. your track record managing similar projects and access to personnel with the right skills and experience, including management and technical staff
- b. your access, or future access to, any infrastructure, capital equipment, technology, intellectual property and required regulatory or other approvals
- c. the level of technical risk associated with the project and how these risks will be mitigated
- d. a credible project plan and budget (see section 7.1).

6.3. Assessment criterion 3

Impact of the grant funding on your project

You should demonstrate this by identifying:

- a. how the grant will impact your project in terms of size, scale, timing, return on investment and project payback period
- b. the total additional investment the grant will create.

7. How to apply

Before applying, you should read and understand these guidelines, the sample [application form](#) and the sample [grant agreement](#) published on business.gov.au and GrantConnect.

You can only submit an application during a funding round. You must submit an application per well and can submit a maximum of three applications.

To apply, you must:

- complete the online [application form](#) via business.gov.au
- provide all the information requested
- address all eligibility and assessment criteria
- include all necessary attachments.

You can view and print a copy of your submitted application on the portal for your own records.

You are responsible for making sure your application is complete and accurate. Giving false or misleading information is a serious offence under the *Criminal Code Act 1995* (Cth). If we consider that you have provided false or misleading information we may not progress your application. If you find an error in your application after submitting it, you should call us immediately on 13 28 46.

If we find an error or information that is missing, we may ask for clarification or additional information from you that will not change the nature of your application. However, we can refuse to accept any additional information from you that would change your submission after the application closing time.

If you need further guidance around the application process, or if you are unable to submit an application online, [contact us](#) at business.gov.au or by calling 13 28 46.

7.1. Attachments to the application

You must provide the following documents with your application:

- a detailed project plan including the scope of the project, a timeline of activities (include gantt charts), a project feasibility analysis, relevant insurances (e.g. for well control, general business etc) and a list of all key management and technical staff
- a detailed project budget and an explanation of the basis upon which the cost assumptions were made; your budget should include a breakdown of the costs that sit under each head of expenditure and how these have been determined such as quotes
- accountant declaration (template provided on [business.gov.au](#) and [GrantConnect](#))
- evidence of funding strategy, e.g. financial statements, loan agreements, cash flow documents; include signed Authorisations for Expenditure
- evidence of support from the board, CEO or equivalent (template provided on [business.gov.au](#) and [GrantConnect](#)); where the CEO or equivalent submits the application, we will accept this as evidence of support
- trust deed (where applicable).

You must attach supporting documentation to the application form in line with the instructions provided within the form. You should only attach requested documents. We will not consider information in attachments that we do not request.

7.2. Joint applications

We recognise that some organisations may want to join together as a group to deliver a project. In these circumstances, you must appoint a lead organisation. Only the lead organisation can submit the application form and enter into the grant agreement with the Commonwealth. Application limits specified above (that is, maximum of three applications per organisation) applies to all applications. This will include any prior individual or joint applications from you regardless of whether you are the lead organisation.

The application should identify all other members of the proposed group and include a letter of support from each of the project partners. Each letter of support should include:

- details of the project partner
- an overview of how the project partner will work with the lead organisation and any other project partners in the group to successfully complete the project
- an outline of the relevant experience and/or expertise the project partner will bring to the group
- the roles/responsibilities the project partner will undertake, and the resources it will contribute (if any)
- details of a nominated management level contact officer.

You must have a formal arrangement in place with all parties prior to execution of the grant agreement.

7.3. Timing of grant opportunity

You can submit an application at any time while the grant opportunity remains open.

Table 1: Indicative timing for this grant opportunity

Activity	Timeframe
Assessment of applications	1-3 weeks
Approval of outcomes of selection process	2 weeks
Negotiations and award of grant agreements	1-3 weeks
Notification to unsuccessful applicants	2 weeks
Earliest date you can incur project expenditure	Date of letter of offer
End date of grant commitment	No later than 30 June 2023

8. The grant selection process

We first review your application against the eligibility criteria. Only eligible applications will proceed to the assessment stage.

We then refer your application to the next available meeting of an assessment committee of experts. Committee membership may include an internal representative from the Department of Industry, Science, Energy and Resources, and external representatives from Geoscience Australia, and the Northern Territory Government. The committee may also seek additional advice from independent technical experts.

The committee will consider your application on its merits, based on:

- how well it meets the criteria
- whether it provides value with relevant money.

When assessing whether the application represents value with relevant money, the Committee will have regard to:

- the overall objectives of the grant opportunity
- the evidence provided to demonstrate how your project contributes to meeting those objectives
- the relative value of the grant sought.

The committee will assess your application against the assessment criteria before recommending which projects to fund.

If the selection process identifies unintentional errors in your application, we may contact you to correct or clarify the errors, but you cannot make any material alteration or addition.

8.1. Who will approve grants?

The Minister decides which grants to approve taking into account the application assessment and the availability of grant funds.

The Minister's decision is final in all matters, including:

- the grant approval
- the grant funding to be awarded
- any conditions attached to the offer of grant funding.

We cannot review decisions about the merits of your application.

The Minister will not approve funding if there is insufficient program funds available across relevant financial years for the program.

9. Notification of application outcomes

We will advise you of the outcome of your application in writing. If you are successful, we advise you of any specific conditions attached to the grant.

If you are unsuccessful, we will give you an opportunity to discuss the outcome with us. You can submit a new application for the same (or similar) project in any future funding rounds. You should include new or more information to address the weaknesses that prevented your previous application from being successful. If a new application is substantially the same as a previous ineligible or unsuccessful application, we may refuse to consider it for assessment.

10. Successful grant applications

10.1. Grant agreement

You must enter into a legally binding grant agreement with the Commonwealth. The grant agreement has general terms and conditions that cannot be changed. A sample [grant agreement](#) is available on business.gov.au and GrantConnect.

We must execute a grant agreement with you before we can make any payments. Execute means both you and the Commonwealth have signed the agreement. We are not responsible for any expenditure you incur until a grant agreement is executed.

The approval of your grant may have specific conditions determined by the assessment process or other considerations made by the Program Delegate. We will identify these in the offer of grant funding.

If you enter an agreement under the Beetaloo Cooperative Drilling Program, you cannot receive other grants for the same activities from other Commonwealth, State or Territory granting programs.

The Commonwealth may recover grant funds if there is a breach of the grant agreement.

10.2. Standard grant agreement

We will use a standard grant agreement.

You will have 30 days from the date of a written offer to execute this grant agreement with the Commonwealth. During this time, we will work with you to finalise details.

The offer may lapse if both parties do not sign the grant agreement within this time. Under certain circumstances, we may extend this period. We base the approval of your grant on the information you provide in your application. We will review any required changes to these details to ensure they do not impact the project as approved by the Program Delegate or Minister.

10.3. Project/Activity specific legislation, policies and industry standards

You must comply with all relevant laws and regulations in undertaking your project. You must also comply with the specific legislation/policies/industry standards that follow. It is a condition of the grant funding that you meet these requirements. We will include these requirements in your grant agreement.

In particular, you will be required to comply with:

- *Code for the Tendering and Performance of Building Work 2016*² ([Building Code 2016](#))
- Australian Government Building and Construction WHS Accreditation Scheme³ ([WHS Scheme](#))
- State/Territory legislation in relation to working with children.

10.3.1. Building and construction requirements

10.3.1.1. Building Code

The Building Code is administered by relevant State and Territory administrations under relevant State or Territory legislation on behalf of the [Australian Building and Construction Commission](#).⁴

The Building Code applies to all construction projects funded by the Australian government through grants and other programs where:

- the value of Australian Government contribution to a project is at least \$5 million and represents at least 50 per cent of the total construction project value; or

² <https://www.abcc.gov.au/building-code/building-code-2016>

³ <http://www.fsc.gov.au/sites/fsc/needaccredited/accreditationscheme/pages/theaccreditationscheme>

⁴ <https://www.abcc.gov.au/>

- regardless of the proportion of Australian Government funding, where the Australian Government contribution to a project is \$10 million or more.

10.3.1.2. WHS Scheme

The WHS Scheme is administered by the [Office of the Federal Safety Commissioner](#)⁵.

The Scheme applies to projects that are directly or indirectly funded by the Australian Government where

- the value of the Australian Government contribution to the project is at least \$6 million and represents at least 50 per cent of the total construction project value; or
- the Australian Government contribution to a project is \$10 million (GST inclusive) or more, irrespective of the proportion of Australian Government funding; and
- a head contract under the project includes building work of \$4 million or more (GST Inclusive).

10.4. How we pay the grant

The grant agreement will state the:

- maximum grant amount we will pay
- proportion of eligible expenditure covered by the grant (grant percentage)
- any financial contribution provided by you or a third party.

We will not exceed the maximum grant amount under any circumstances. If you incur extra costs, you must meet them yourself.

We will make payments according to an agreed schedule set out in the grant agreement. Payments are subject to satisfactory progress on the project.

10.5. Tax obligations

If you are registered for the Goods and Services Tax (GST), where applicable we will add GST to your grant payment and provide you with a recipient created tax invoice. You are required to notify us if your GST registration status changes during the project period. GST does not apply to grant payments to government related entities⁶.

Grants are assessable income for taxation purposes, unless exempted by a taxation law. We recommend you seek independent professional advice on your taxation obligations or seek assistance from the [Australian Taxation Office](#). We do not provide advice on tax.

11. Announcement of grants

We will publish non-sensitive details of successful projects on GrantConnect. We are required to do this by the [Commonwealth Grants Rules and Guidelines](#) unless otherwise prohibited by law. We may also publish this information on business.gov.au. This information may include:

- name of your organisation
- title of the project
- description of the project and its aims
- amount of grant funding awarded

⁵ <http://www.fsc.gov.au/sites/FSC>

⁶ See Australian Taxation Office ruling GSTR 2012/2 available at ato.gov.au

- Australian Business Number
- business location
- your organisation's industry sector.

12. How we monitor your grant activity

12.1. Keeping us informed

You should let us know if anything is likely to affect your project or organisation.

We need to know of any key changes to your organisation or its business activities, particularly if they affect your ability to complete your project, carry on business and pay debts due.

You must also inform us of any changes to your:

- name
- addresses
- nominated contact details
- bank account details.

If you become aware of a breach of terms and conditions under the grant agreement, you must contact us immediately.

You must notify us of events relating to your project and provide an opportunity for the Minister or their representative to attend.

12.2. Reporting

You must submit reports in line with the grant agreement. We will provide the requirements for these reports as appendices in the grant agreement. We will remind you of your reporting obligations before a report is due. We will expect you to report on:

- progress against agreed project milestones
- project expenditure, including expenditure of grant funds
- contributions of participants directly related to the project
- material changes in the nature of the activity.

The amount of detail you provide in your reports should be relative to the project size, complexity and grant amount.

We will monitor the progress of your project by assessing reports you submit and may conduct site visits to confirm details of your reports if necessary. Occasionally we may need to re-examine claims, seek further information or request an independent audit of claims and payments.

12.2.1. End of project report

When you complete the project, you must submit an end of project report.

End of project reports must:

- include the agreed evidence as specified in the grant agreement
- identify the total eligible expenditure incurred for the project
- include a declaration that the grant money was spent in accordance with the grant agreement and to report on any underspends of the grant money
- be submitted by the report due date.

12.2.2. Ad-hoc reports

We may ask you for ad-hoc reports on your project. This may be to provide an update on progress, or any significant delays or difficulties in completing the project.

12.3. Independent audits

We may ask you to provide an independent audit report. An audit report will verify that you spent the grant in accordance with the grant agreement. The audit report requires you to prepare a statement of grant income and expenditure. The report template is available on business.gov.au and GrantConnect.

12.4. Compliance visits

We may visit you during the project period, or at the completion of your project to review your compliance with the grant agreement. We may also inspect the records you are required to keep under the grant agreement. We will provide you with reasonable notice of any compliance visit.

12.5. Grant agreement variations

We recognise that unexpected events may affect project progress. In these circumstances, you can request a variation to your grant agreement, including:

- changing project milestones
- changing project activities

The program does not allow for:

- an increase of grant funds.

If you want to propose changes to the grant agreement, you must put them in writing before the grant agreement end date. We can provide you with a variation request template.

If a delay in the project causes milestone achievement and payment dates to move to a different financial year, you will need a variation to the grant agreement. We can only move funds between financial years if there is enough program funding in the relevant year to allow for the revised payment schedule. If we cannot move the funds, you may lose some grant funding.

You should not assume that a variation request will be successful. We will consider your request based on factors such as:

- how it affects the project outcome
- consistency with the program policy objective, grant opportunity guidelines and any relevant policies of the department
- changes to the timing of grant payments
- availability of program funds.

12.6. Evaluation

We will evaluate the grant opportunity to measure how well the outcomes and objectives have been achieved. We may use information from your application and project reports for this purpose. We may also interview you, or ask you for more information to help us understand how the grant impacted you and to evaluate how effective the program was in achieving its outcomes.

We may contact you up to two years after you finish your project for more information to assist with this evaluation.

12.7. Grant acknowledgement

If you make a public statement about a project funded under the program, including in a brochure or publication, you must acknowledge the grant by using the following:

‘This project received grant funding from the Australian Government.’

If you erect signage in relation to the project, the signage must contain an acknowledgement of the grant.

13. Probity

We will make sure that the grant opportunity process is fair, according to the published guidelines, incorporates appropriate safeguards against fraud, unlawful activities and other inappropriate conduct and is consistent with the CGRGs.

13.1. Conflicts of interest

Any conflicts of interest could affect the performance of the grant opportunity or program. There may be a conflict of interest, or perceived conflict of interest, if our staff, any member of a committee or advisor and/or you or any of your personnel:

- has a professional, commercial or personal relationship with a party who is able to influence the application selection process, such as an Australian Government officer or member of an external panel
- has a relationship with or interest in, an organisation, which is likely to interfere with or restrict the applicants from carrying out the proposed activities fairly and independently or
- has a relationship with, or interest in, an organisation from which they will receive personal gain because the organisation receives a grant under the grant program/ grant opportunity.

As part of your application, we will ask you to declare any perceived or existing conflicts of interests or confirm that, to the best of your knowledge, there is no conflict of interest.

If you later identify an actual, apparent, or perceived conflict of interest, you must inform us in writing immediately.

Conflicts of interest for Australian Government staff are handled as set out in the Australian [Public Service Code of Conduct \(Section 13\(7\)\)⁷](#) of the *Public Service Act 1999* (Cth). Committee members and other officials including the decision maker must also declare any conflicts of interest.

We publish our [conflict of interest policy⁸](#) on the department’s website.

13.2. How we use your information

Unless the information you provide to us is:

- confidential information as per 13.2.1, or
- personal information as per 13.2.3,

we may share the information with other government agencies for a relevant Commonwealth purpose such as:

⁷ <https://www.legislation.gov.au/Details/C2019C00057>

⁸ https://www.industry.gov.au/sites/default/files/July%202018/document/pdf/conflict-of-interest-and-insider-trading-policy.pdf?acsf_files_redirect

- to improve the effective administration, monitoring and evaluation of Australian Government programs
- for research
- to announce the awarding of grants.

13.2.1. How we handle your confidential information

We will treat the information you give us as sensitive and therefore confidential if it meets all of the following conditions:

- you clearly identify the information as confidential and explain why we should treat it as confidential
- the information is commercially sensitive
- disclosing the information would cause unreasonable harm to you or someone else
- you provide the information with an understanding that it will stay confidential.

13.2.2. When we may disclose confidential information

We may disclose confidential information:

- to the committee and our Commonwealth employees and contractors, to help us manage the program effectively
- to the Auditor-General, Ombudsman or Privacy Commissioner
- to the responsible Minister or Assistant Minister
- to a House or a Committee of the Australian Parliament.

We may also disclose confidential information if

- we are required or authorised by law to disclose it
- you agree to the information being disclosed, or
- someone other than us has made the confidential information public.

13.2.3. How we use your personal information

We must treat your personal information according to the Australian Privacy Principles (APPs) and the *Privacy Act 1988* (Cth). This includes letting you know:

- what personal information we collect
- why we collect your personal information
- to whom we give your personal information.

We may give the personal information we collect from you to our employees and contractors, the committee, and other Commonwealth employees and contractors, so we can:

- manage the program
- research, assess, monitor and analyse our programs and activities.

We, or the Minister, may:

- announce the names of successful applicants to the public
- publish personal information on the department's websites.

You may read our [Privacy Policy](#)⁹ on the department's website for more information on:

- what is personal information
- how we collect, use, disclose and store your personal information
- how you can access and correct your personal information.

13.2.4. Freedom of information

All documents in the possession of the Australian Government, including those about the program, are subject to the *Freedom of Information Act 1982* (Cth) (FOI Act).

The purpose of the FOI Act is to give members of the public rights of access to information held by the Australian Government and its entities. Under the FOI Act, members of the public can seek access to documents held by the Australian Government. This right of access is limited only by the exceptions and exemptions necessary to protect essential public interests and private and business affairs of persons in respect of whom the information relates.

If someone requests a document under the FOI Act, we will release it (though we may need to consult with you and/or other parties first) unless it meets one of the exemptions set out in the FOI Act.

13.2.5. National Security

You and any individuals participating in the project must disclose all foreign ownership (including foreign government ownership), affiliations with foreign governments, organisations, institutions or companies, or membership of foreign government talent programs. You must report any material changes in the nature of the activity or key personnel involved, including affiliations/links with foreign governments or companies.

If you have acknowledged in the declaration that, you can appropriately manage national security risks, we may ask you to provide a satisfactory risk assessment plan outlining your approach as a condition of funding.

13.2.6. Disclosure of financial penalties

You must disclose whether any of your board members, management or persons of authority have been subject to any pecuniary penalty, whether civil, criminal or administrative, imposed by a Commonwealth, State, or Territory court or a Commonwealth, State, or Territory entity. If this is the case, you must provide advice to the department regarding the matter for consideration.

13.3. Enquiries and feedback

For further information or clarification, you can contact us on 13 28 46 or by [web chat](#) or through our [online enquiry form](#) on business.gov.au.

We may publish answers to your questions on our website as Frequently Asked Questions.

Our [Customer Service Charter](#) is available at business.gov.au. We use customer satisfaction surveys to improve our business operations and service.

If you have a complaint, call us on 13 28 46. We will refer your complaint to the appropriate manager.

If you are not satisfied with the way we handle your complaint, you can contact:

⁹ <https://www.industry.gov.au/data-and-publications/privacy-policy>

Head of Division
AusIndustry
Department of Industry, Science, Energy and Resources
GPO Box 2013
CANBERRA ACT 2601

You can also contact the [Commonwealth Ombudsman¹⁰](http://www.ombudsman.gov.au/) with your complaint (call 1300 362 072). There is no fee for making a complaint, and the Ombudsman may conduct an independent investigation.

14. Glossary

Term	Definition
Application form	The document issued by the Program Delegate that applicants use to apply for funding under the program.
AusIndustry	The division of the same name within the department.
Department	The Department of Industry, Science, Energy and Resources.
Committee	The body established by the Minister to consider and assess eligible applications and make recommendations to the Minister for funding under the program.
Eligible activities	The activities undertaken by a grantee in relation to a project that are eligible for funding support as set out in 5.1.
Eligible application	An application or proposal for grant funding under the program that the Program Delegate has determined is eligible for assessment in accordance with these guidelines.
Eligible expenditure	The expenditure incurred by a grantee on a project and which is eligible for funding support as set out in 5.4.
Eligible expenditure guidance	The guidance that is provided at Appendix A.
Grant agreement	A legally binding contract between the Commonwealth and a grantee for the grant funding.
Grant funding or grant funds	The funding made available by the Commonwealth to grantees under the program.
GrantConnect	The Australian Government's whole-of-government grants information system, which centralises the publication and reporting of Commonwealth grants in accordance with the CGRGs.
Grantee	The recipient of grant funding under a grant agreement.

¹⁰ <http://www.ombudsman.gov.au/>

Term	Definition
Guidelines	Guidelines that the Minister gives to the department to provide the framework for the administration of the program, as in force from time to time.
Minister	The Australian Government Minister for Resources, Water and Northern Australia.
Personal information	Has the same meaning as in the <i>Privacy Act 1988</i> (Cth) which is: Information or an opinion about an identified individual, or an individual who is reasonably identifiable: a. whether the information or opinion is true or not; and b. whether the information or opinion is recorded in a material form or not.
Program Delegate	An AusIndustry general manager within the department with responsibility for the program.
Program funding or Program funds	The funding made available by the Commonwealth for the program.
Project	A project described in an application for grant funding under the program.

Appendix A. Eligible expenditure

This section provides guidance on the eligibility of expenditure. We may update this guidance from time to time, so you should make sure you have the current version from the business.gov.au website before preparing your application.

The Program Delegate makes the final decision on what is eligible expenditure and may give additional guidance on eligible expenditure if required.

To be eligible, expenditure must:

- be incurred by you within the project period
- be a direct cost of the project
- be incurred by you to undertake required project audit activities
- meet the eligible expenditure guidelines.

A.1 How we verify eligible expenditure

If your application is successful, we will ask you to verify the project budget that you provided in your application when we negotiate your grant agreement. You may need to provide evidence such as quotes for major costs.

The grant agreement will include details of the evidence you may need to provide when you achieve certain milestones in your project. This may include evidence related to eligible expenditure.

If requested, you will need to provide the agreed evidence along with your progress reports.

You must keep payment records of all eligible expenditure, and be able to explain how the costs relate to the agreed project activities. At any time, we may ask you to provide records of the expenditure you have paid. If you do not provide these records when requested, the expense may not qualify as eligible expenditure.

At the end of the project, you will be required to provide an independent financial audit of all eligible expenditure from the project.

A.2 Plant and equipment expenditure

We consider costs of acquiring, or construction of, plant and equipment, as well as any related commissioning costs as eligible expenditure. You must list commissioning costs as a separate item within the project budget in the application form, and on reports of expenditure during project milestones.

We cannot consider any expenditure paid before the project start date as eligible expenditure. Commissioning and installation costs of plant and equipment paid for before the start date is not eligible expenditure even if these costs are paid after the project start date.

You may purchase, lease (finance lease or operating lease under certain conditions) or build plant and equipment. In claiming the purchase price of capital items, you must take out any costs related to financing, including interest. You can claim related freight and installation costs on capital expenditure.

Eligible costs for plant and equipment will normally need to be on your balance sheet.

We will only consider costs for plant and equipment not on your balance sheet under certain circumstances. We will only consider project costs with an operating lease to be eligible if:

- The plant or equipment is critical to your project; and
- you cannot transfer the plant or equipment and the lease period is at least 4 years.

Where you need to pay in instalments to purchase capital items (for example deposits, payment on installation, or payment on commissioning), you can claim the grant amount for the items progressively across multiple progress reports up to the end of the project period. Alternatively, you can choose to claim the full amount in a single report, when you pay for the capital item.

For leased items, you will need to show an executed copy of the lease identifying the capital cost of the item and the lease period. We can pay you the full grant entitlement when:

- you have received the capital item
- you have entered into a formal lease agreement, and
- you make the initial payment.

You may show expenditure on plant and equipment by providing evidence of

- purchase price
- payments (e.g. tax invoices and receipts from suppliers confirming payment)
- commitment to pay for the capital item (e.g. supplier contract, purchase order or executed lease agreement)
- receipt of capital items (e.g. supplier or freight documents)
- associated costs such as freight and installation (e.g. supplier documents)
- the capital item on your premises (e.g. date stamped photographic evidence).

If you claim expenditure for the construction of plant and equipment, we limit this to

- the costs of materials
- direct construction labour salary costs
- contractor costs
- freight and establishment costs.

Evidence for construction expenditure may include purchase orders, invoices, payment documentation, photographic evidence (date stamped) of the capital item in your premises and details of labour costs.

Grant payments for capital items may affect your tax obligations. We recommend that you seek independent professional advice on tax related matters.

A.3 Labour expenditure

Eligible labour expenditure for the grant covers the direct labour costs of employees you directly employ on the core elements of the project. We consider a person an employee when you pay them a regular salary or wage, out of which you make regular tax instalment deductions.

We consider costs for technical, but not administrative, project management activities eligible labour expenditure. However, we limit these costs to 10 per cent of the total amount of eligible labour expenditure claimed.

We do not consider labour expenditure for leadership or administrative staff (such as CEOs, CFOs, accountants and lawyers) as eligible expenditure, even if they are doing project management tasks.

Eligible salary expenditure includes an employee's total remuneration package as stated on their Pay As You Go (PAYG) Annual Payment Summary submitted to the ATO. We consider salary-

sacrificed superannuation contributions as part of an employee's salary package if the amount is more than what the Superannuation Guarantee requires.

The maximum salary for an employee, director or shareholder, including packaged components that you can claim through the grant is \$175,000 per financial year.

For periods of the project that do not make a full financial year, you must reduce the maximum salary amount you claim proportionally.

You can only claim eligible salary costs when an employee is working directly on agreed project activities during the agreed project period.

A.4 Labour on-costs and administrative overhead

You may increase eligible salary costs by an additional 30% allowance to cover on-costs such as employer paid superannuation, payroll tax, workers compensation insurance, and overheads such as office rent and the provision of computers.

You should calculate eligible salary costs using the formula below:

$$\text{Eligible salary costs} = \text{Annual salary package} \times \frac{\text{Weeks spent on project}}{52 \text{ weeks}} \times \text{percentage of time spent on project}$$

You cannot calculate labour costs by estimating the employee's worth. If you have not exchanged money (either by cash or bank transactions) we will not consider the cost eligible.

Evidence you will need to provide can include:

- details of all personnel working on the project, including name, title, function, time spent on the project and salary
- ATO payment summaries, pay slips and employment contracts.

A.5 Contract expenditure

Eligible contract expenditure is the cost of any agreed project activities that you contract others to do. These can include contracting:

- another organisation
- an individual who is not an employee, but engaged under a separate contract.

All contractors must have a written contract prior to starting any project work—for example, a formal agreement, letter or purchase order which specifies:

- the nature of the work they perform
- the applicable fees, charges and other costs payable.

Invoices from contractors must contain:

- a detailed description of the nature of the work
- the hours and hourly rates involved
- any specific plant expenses paid.

Invoices must directly relate to the agreed project, and the work must qualify as an eligible expense. The costs must also be reasonable and appropriate for the activities performed.

We will require evidence of contractor expenditure that may include:

- an exchange of letters (including email) setting out the terms and conditions of the proposed contract work
- purchase orders
- supply agreements
- invoices and payment documents.

You must ensure all project contractors keep a record of the costs of their work on the project. We may require you to provide a contractor's records of their costs of doing project work. If you cannot provide these records, the relevant contract expense may not qualify as eligible expenditure.

A.6 Other eligible expenditure

Other eligible expenditures for the project may include:

- building modifications where you own the modified asset and the modification is required to undertake the project, for example installing a clean room. Modifications to leased buildings may be eligible. You must use the leased building for activities related to your exploration activities
- staff training that directly supports the achievement of project outcomes
- financial auditing of project expenditure
- costs you incur in order to obtain planning, environmental or other regulatory approvals during the project period. However, associated fees paid to the Commonwealth, state, territory and local governments are not eligible
- contingency costs up to a maximum of 10% of the eligible project costs. Note that we make payments based on actual costs incurred.

Other specific expenditures may be eligible as determined by the Program Delegate.

Evidence you need to supply can include supplier contracts, purchase orders, invoices and supplier confirmation of payments.

Appendix B. Ineligible expenditure

This section provides guidance on what we consider ineligible expenditure. We may update this guidance from time to time, so you should make sure you have the current version from the business.gov.au website before preparing your application.

The Program Delegate may impose limitations or exclude expenditure, or further include some ineligible expenditure listed in these guidelines in a grant agreement or otherwise by notice to you.

Examples of ineligible expenditure include:

- business as usual labour costs of employees (except for those listed under A3 in Appendix A). We consider a person an employee when you pay them a regular salary or wage, out of which you make regular tax instalment deductions
- travel costs
- research not directly supporting eligible activities
- activities, equipment or supplies that are already being supported through other sources
- costs incurred prior to us notifying you that the application is eligible and complete
- any in-kind contributions
- financing costs, including interest
- capital expenditure for the purchase of assets such as office furniture and equipment, motor vehicles, computers, printers or photocopiers
- costs involved in the purchase or upgrade/hire of software (including user licences) and ICT hardware (unless it directly relates to the project)
- costs such as rental, renovations and utilities
- non-project-related staff training and development costs
- insurance costs (the participants must effect and maintain adequate insurance or similar coverage for any liability arising as a result of its participation in funded activities)
- debt financing
- costs related to obtaining resources used on the project, including interest on loans, job advertising and recruiting, and contract negotiations
- depreciation of plant and equipment beyond the life of the project
- maintenance costs
- costs of purchasing, leasing, depreciation of, or development of land
- infrastructure development costs, including development of road, rail, port or fuel delivery networks beyond the activation site
- site preparation activities (identified in Section 5.3) that are not closely associated with resource exploration and appraisal (see Section 5 more generally).
- opportunity costs relating to any production losses due to allocating resources to the agreed grant project
- routine operational expenses, including communications, accommodation, office computing facilities, printing and stationery, postage, legal and accounting fees and bank charges
- costs related to preparing the grant application, preparing any project reports (except costs of independent audit reports we require) and preparing any project variation requests.

This list is not exhaustive and applies only to the expenditure of the grant funds. Other costs may be ineligible where we decide that they do not directly support the achievement of the planned outcomes for the project or that they are contrary to the objective of the program.

You must ensure you have adequate funds to meet the costs of any ineligible expenditure associated with the project.



Meeting Minutes
Beetaloo Cooperative Drilling Program –
Committee Meeting
24 May 2021

3.00pm to 4.45pm AEST (via Videoconference)

Members Attending

Daniel Quinn (Chair)

General Manager, Energy Division, DISER

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

Departmental Representatives

[REDACTED]
[REDACTED]

1. Opening and Welcome

The Chair opened the meeting and thanked the Committee Members for their participation and expertise in reviewing and scoring eligible applications under the Beetaloo Cooperative Drilling Program – Grant Opportunity.

The Chair provided an acknowledgement to Country and discussed that the focus of this committee in this meeting will be discussing the applications on whether they are satisfactory or not and the satisfactory ones will be recommended to Minister Pitt to make the final decision.

2. Program Manager's Assessment Process Outline

[REDACTED] advised that this committee meeting was convened to review the assessments and determine the merits of 6 Beetaloo Cooperative Drilling Program grant applications – refer **Attachment A**. This program offers up to \$50 million in grant funding.

Applications that were assessed as unsatisfactory against any of the assessment criteria would be not be considered for grant funding. Committee Members were also required to consider Sections 6 and 8 of the Guidelines, covering the assessment criteria, value for relevant money and program objectives and outcomes. The outcome is to recommend applications to Minister Pitt, who makes the final decision.

3. Disclosure of Interests

██████████ stated that as part of the probity process, Committee Members submitted declarations for Conflicts of Interests and Declarations of Interests. This process did not identify any declared conflicts.

Members were advised that their role today was to ensure that probity was enforced throughout the meeting to uphold the integrity of the process and ensure applications are assessed fairly and impartiality. Should Committee Members identify any additional conflict of interests throughout the meeting, these can be raised at the time and further advice can be provided by the Program Manager.

Declaration of Interests provided in **Attachment B**

4. Capturing of Assessments

Prior to the meeting, ██████████ populated the member's assessments into the Funding Tracking Sheet Scoring Matrix. This document formed the basis for panel discussions.

5. Assessment of Eligible Applications

Member's individual assessments were based on a Satisfactory or Unsatisfactory score and would be used for discussion and decisions.

Refer to the funding matrix at **Attachment A**.

During the meeting the committee questioned the eligibility of the applicant Tamboran Resources Ltd and it was agreed to refer back to AusIndustry for further investigation.

The committee considered 3 applications from Imperial Oil and Gas Pty Ltd for applications BCPD0001, BCPD0002, BCPD0003. During the assessment of these applications the committee asked the department to obtain additional information based on the queries raised during the meeting.

The department will develop the questions and seek written response from Imperial Oil and Gas Pty Ltd. The committee will reconvene to discuss the responses and make final deliberations on grant recommendations.

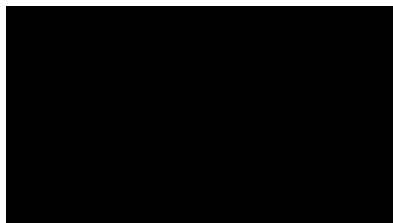
The Chair and ██████████ thanked members and for the valuable expertise and contributions provided to the program.

Session Close

Attachment A – BCDP Funding Matrix

Attachment B – Disclosure of Interests.

This document and all Attachments form the minutes of the Beetaloo Cooperative Drilling Program Committee meeting held on 24 May 2021.




Program Manager
Beetaloo Cooperative Drilling Program
1 June 2021

Meeting Minutes

Beetaloo Cooperative Drilling Program – Committee Meeting

1 June 2020

3.00pm to 4.15pm AEST (via Videoconference)

Members Attending

Daniel Quinn (Chair)

General Manager, Energy Division, DISER

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

Departmental Representatives

[REDACTED]
[REDACTED]

1. Opening and Welcome

Program Manager [REDACTED] provided an acknowledgement to Country and provided an initial welcome to the committee members and thanked them for reconvening to discuss the outstanding matters from the Imperial Oil and Gas applications raised by the committee members at the Beetaloo committee meeting on 24 May 2021.

The Chair, Daniel Quinn advised that the committee would discuss each answer provided in the attached document and circulated to the Committee for review.

2. Assessment of Imperial Oil & Gas Pty Ltd Responses

The department forwarded the committee agreed questions to Imperial Oil & Gas and the responses appear in **Attachment C**.

Question 1 - Mobilisation/demobilisation costs for BCDP00003

The committee reviewed the applicant's response and accepted the applicant's responses. Accepted that costs in each project were based on a 'standalone' application so the actual costs would be lower if all projects were combined allowing cost efficiencies to be seen.

Agreed that \$500,000 mobilisation costs instead of \$3.2 million is more reasonable.

Recommendation

The Committee agreed to seek to reduce the grant amount to reflect revised costs in the grant agreement and note in the brief to the Minister this action.

Note: AusIndustry will work with the applicant at grant negotiation to only include reasonable mobilisation costs (\$500,000 rather than \$3.2 million).

Question 2 - Risk in project timing and 20% cost estimates

The committee discussed the information provided by the applicant to clarify costs however it was felt it was still unclear from the response whether the second cost strategy was not double dipping. The second costing increased project days (un-risk days 37 to risk days 47 days) and included a 20% loading.

Recommendation

Committee agrees to further manage during contract negotiation by seeking to verify contract costs and associated contingency costs and note in the brief to the Minister this action.

Note: AusIndustry will work with the applicant at grant negotiation to validate a justifiable project period and risk rate.

Question 3 – EMP and number of stages

The committee discussed issues with the Environmental Management Plan querying that while the company has submitted a plan, and therefore meeting 4.2 of the guidelines, if there was a requirement to revise the plan from 12 to 25 steps, this may delay the approval process thus not meeting the timeframe in which to commence the project.

It was noted that if the revised plan includes any fracking, it may need to go to public comment which would add another 30 days before any approval is granted.

Given the applicant is ready to commence the civil works of the project it can be assumed that the applicant is serious about proceeding with the project and drilling within the required timeframe

Recommendation

The committee agreed that the applicant has commenced the approval processes and permits as required under the guidelines.

The committee also recommended reviewing the wording in the guidelines to clarify the clause in the guidelines to reflect the commercial realities of the permit approvals process. This may also be highlighted to the Minister for consideration when making recommendations.

Question 4 – Horizontal well

The permit commitment is to drill a horizontal well and fracture stimulate in Carpentaria 2 that not specific to Carpentaria 1 – permit is under the Petroleum Act. Additional activities appear to be over and above Carpentaria 1 project and they were drilling anyway as per permit.

Recommendation

The committee agreed to remove costs associated with drilling only the horizontal section of Carpentaria 2 and costs of fracturing that section (unless it is also done in Carpentaria Carp 1 (Condition Precedent)) as it doesn't meet the additionality test (requirements under programs guidelines 5.1 'propose to bring forward activities by at least 90 calendar days than would otherwise have occurred in the absence of grant funding; or be in addition to your work program activities').

This should be noted in the brief to the Minister of this condition of grant funding.

Note: AusIndustry will work with the applicant at grant negotiation to remove costs associated with drilling only the horizontal section of Carpentaria 2 and costs of fracturing that section.

Question 5 – Long lead times for Carpentaria 2

Acknowledges that with this type of project long lead times are not unreasonable but how do we prove that items weren't purchased and agreed to prior to the agreement being signed. The committee agreed that any purchased equipment could be verified during the acquittal process and managed through their grant agreement

Recommendation

The committee agreed that expenditure to be risk managed throughout the contract stage

Note: AusIndustry will work with the applicant at grant negotiation to validate eligible expenditure.

Question 6 – 3D seismic survey

Committee does not agree 3D seismic activity is relevant or part of Carpentaria 4. Good for a broad project in longer term, all wells start in theory in next 3 months. 3D seismic data is better than 2D but beyond the scope of that well – it should be further activity down the track almost a precursor to Carpentaria 5. Committee mentioned: *You must submit an application per well and can submit a maximum of three applications.* (Program guidelines section 2)

Recommendation

The committee agreed that the 3-D seismic for Carpentaria 4 is outside the scope of the guidelines and the activity and expenditure. The brief should note that this element should be removed from the project (out of scope) recommended to the Minister for decision (condition).

Note: AusIndustry will work with the applicant at grant negotiation to remove the costs of the horizontal well.

Final Application Recommendation

The Committee agreed, based on the responses provided by the applicant, that all three applications submitted by Imperial Oil and Gas Pty Ltd have been recommended as Satisfactory subject to the reduction of ineligible activities and expenditure identified in this report. AusIndustry to remove these claims during grant negotiations.

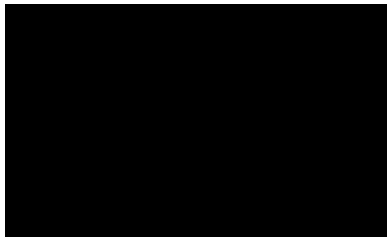
Applications relating to Tamboran Resources have been removed from considerations until the applicants drilling permit credentials are resolved.

In terms of next steps, the department will brief Minister Pitt of the committee recommendations.

The Chair thanked the committee for reconvening and discussing the responses to the questions.

Meeting finished at 4.15pm

This document and all Attachments form the minutes of the Beetaloo Cooperative Drilling Program Committee meeting held on 1 June 2021.





Program Manager
Beetaloo Cooperative Drilling Program
7 June 2021