

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Innovation and Science Portfolio
2017 - 2018 Budget Estimates
31 May – 1 June 2017

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE

TOPIC: Differences in retention leases between Australia and the USA

REFERENCE: Questions on Notice (Hansard, 1 June 2017, page 112)

QUESTION No.: BI-62

Senator XENOPHON: I might put some questions on notice. Just to finish up, in terms of resources around Australia, do you have a forecast of gas coming online, including amounts over, say, the next 10 years? Or is that a question for NOPSEMA?

Mr Waters: I would be able to provide that level of detail for the various jurisdictions in terms of the available ultimate recovery from resources held under production and retention.

Senator XENOPHON: One of the criticisms that has been put to me is that in terms of information provided on a retention lease compared to in the US, my understanding is that the level of particularity and the benchmarking of information that is required in the United States is much more particular than here. In other words, there needs to be a greater backing up of these issues in terms of the reserves and development. I think I am not expressing this very well, Minister. My understanding is that there is some difference in the transparency requirements and the information that must be provided between here and the US. Could you take on notice what those differences may be in respect of that?

Mr Waters: Yes.

ANSWER

NOPTA does not forecast gas coming online over the next 10 years.

In his answer to Senator Xenophon's question, Mr Waters said that he could provide additional detail in relation to ultimate recovery. Mr Waters did not hear the word forecast and was providing his answer in the context of previous questions regarding gas resources in Bass Strait, specifically held within retention leases. Mr Waters did not mean to indicate, nor imply, that he was able to provide information relating to forecasts.

The Australian Energy Market Operator (AEMO) publishes forecasts for gas production in the *Gas Statement of Opportunities*. The GSOO reports on the adequacy of eastern and south-eastern Australian gas markets to supply forecast maximum demand and annual consumption over a 20-year outlook period.

The Office of the Chief Economist also makes forecasts of gas production.

(<https://industry.gov.au/Office-of-the-Chief-Economist/Publications/Pages/Resources-and-energy-quarterly.aspx>)

In relation to known petroleum reserves and contingent resources held in production licences and retention leases Geoscience Australia compiles the Australian Energy Resource Assessment report (<http://www.ga.gov.au/aura>). The publicly available report examines the nation's identified and potential energy resources ranging from fossil fuels, including gas, and uranium to renewables. The assessment reviews the factors likely to influence the use of Australia's energy resources to 2035. A full updated version of AERA will be released in late 2017. Specifically, the Gas Summary in the AERA provides information on Australia's identified, contingent and prospective resources.

I also note that the US Energy Information Administration (EIA) publishes information about the nation's oil and gas reserves, providing estimates of U.S. reserves of crude oil and condensate and proved reserves of natural gas.

In terms of how reserves are calculated by Geoscience Australia and by the EIA, the same tool is used to quantify oil and natural gas reserves. This is the Society of Petroleum Engineers Petroleum Resources Management System (PRMS). This tool is also used by major oil and gas producers such as Woodside Petroleum and Exxon Mobil. It is also accepted by the Australian Securities Exchange (ASX) and the U.S Securities Exchange Commission (SEC).