

**Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Industry, Innovation and Science Portfolio  
2016-17 Supplementary Budget Estimates  
20 October 2016

---

**DEPARTMENT:** DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE

**TOPIC:** Retention leases in the Bass Strait

**REFERENCE:** Written Question – Senator Xenophon

**QUESTION No.:** SI-146

With respect to retention leases in the Bass Strait:

1. Has NOPTA conducted analysis as to the effect on the Australian gas market of tapping into potential gas resources in the Bass Strait.
  - a. If so, please provide this analysis to the Committee?
  - b. If not, why not?
2. When will VIC/RL4 Sunfish-Remora gas field retention lease expire?
3. What analysis will NOPTA conduct to assess the commercial viability of this gas field?
4. What analysis will NOPTA perform to establish the effect that this particular commercial extraction will have on the Australian gas market?
5. What is the process for giving Esso/BHP the opportunity to exploit the gas field?
6. What is the process for giving other companies the opportunity to exploit the gas field in the event that Esso/BHP declines to do so?

**ANSWER**

1) No

a) Not applicable.

b) Analysis of the Australian gas market falls outside of the functions of the National Offshore Petroleum Titles Administrator (NOPTA) under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*. NOPTA's website provides a summary of its role and key functions <http://www.nopta.gov.au/about/index.html>.

2) VIC/RL4 expires on 9 February 2017. NOPTA's National Electronic Approvals Tracking System (NEATS) at <http://neats.nopta.gov.au/> provides access to publicly available information on offshore petroleum titles.

3) NOPTA assesses any application for, or application to renew a retention lease in accordance with the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (the Act) and the 'Guideline - Grant and Administration of a Retention Lease and Related Matters' (the Guideline). As part of this process NOPTA will undertake an assessment of the current and future commercial viability of the resources contained within VIC/RL4. The Act and Guideline are available on the NOPTA website: <http://www.nopta.gov.au/legislation/guidelines.html>.

4) NOPTA's assessment will be limited to the commercial viability of the resource given current and expected future market conditions. The effect of commercial extraction on the Australian gas market is not a consideration in the award or renewal of a retention lease. The Act and Guideline

provide further details on the matters considered and are available on the NOPTA website:

<http://www.nopta.gov.au/legislation/guidelines.html> .

5) Before commencing petroleum recovery operations the titleholder must apply for authority to do so (a production licence), in accordance with the Act. The holder of a retention lease is entitled to apply for a production licence over the blocks within the retention lease. Once an application for a production licence has been received the titleholder may apply for the acceptance of a Field Development Plan. Prior to commencing production the titleholder must have a Rate of Recovery and Equipment and Procedures approval from the Joint Authority.

6) Should a retention lease be relinquished (through surrender, expiry or cancellation), the area reverts to vacant acreage and can be made available for companies to bid on in a future acreage release program.