

AUSTRALIAN PETROLEUM NEWS

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INDUSTRY
TOURISM
RESOURCES

Final award of offshore exploration permits from closing round of 11 April 2002 in the Western Australia, Northern Territory and Victoria adjacent areas

Details of the final offshore exploration permits awarded from the closing round of 11 April 2002 are set out below.

The work program commitments for the nine permits awarded are valued at around A\$210 million over the next six years. This includes substantial new investments in the mature Carnarvon and Gippsland Basins.

<u>Permit No</u>	<u>Basin</u>	<u>Area No</u>	<u>Date Granted</u>	<u>Successful Applicant(s)</u>
WA-329-P	Carnarvon	W01-14	5 Sept 02	Octanex NL, Strata Resources NL
WA-330-P	"	W00-53	"	"
WA-331-P	Browse	W01-9	"	Rawson Resources NL, Eagle Bay Resources NL, Icon Energy Ltd, Rough Range Oil Pty Ltd
WA-332-P	"	W01-7	1 Oct 02	Batavia Oil & Gas Pty Ltd, Hawkestone Oil Pty Ltd, Alpha Oil & Natural Gas Pty Ltd, Goldsborough Energy Pty Ltd
WA-333-P	"	W01-8	"	"
NT/P62	Bonaparte	NT01-3	20 Sept 02	National Oil & Gas Pty Ltd, Australian Natural Gas Pty Ltd, Nations Natural Gas Pty Ltd
NT/P63	"	NT01-4	"	"
NT/P64	"	NT01-5	"	"
Vic/P53	Gippsland	V01-4	16 Oct 02	Australia Crude Oil Company Inc

Permit WA-329-P (originally released as area W01-14) has been awarded to Octanex NL (50%, operator) and Strata Resources NL (50%) which proposed a guaranteed program for the first three years of data review, purchase of 3D seismic data and geoscience studies, and 750km of 2D seismic acquisition at an estimated cost of \$1.75m. The companies also proposed a secondary program of 1 well, studies and data review at an estimated cost of \$18.6m. There were no other bids for the area.

Permit WA-330-P (originally released as area W00-53) has been awarded to Octanex NL (50%, operator) and Strata Resources NL (50%). The permittees proposed a guaranteed program for the first three years of data review, 240km² 3D seismic reprocessing, a 400km 2D seismic survey and studies at an estimated cost of \$1.4m. The companies also proposed a secondary program of 1 well and geoscience studies at an estimated cost of \$18.6m. There were no other bids for the area.

Permit WA-331-P (originally released as area W01-9) has been awarded to Rawson Resources NL (25%, operator), Eagle Bay Resources NL (25%), Icon Energy Ltd (25%) and Rough Range Oil Pty Ltd (25%). The permittees proposed a guaranteed program for the first three years of a 300km 2D seismic survey, 400km seismic reprocessing and studies at an estimated cost of \$1.35m. The companies also proposed a secondary program of 2 wells and studies at an estimated cost of \$6.4m. There were no other bids for the area.

Permit WA-332-P (originally released as area W01-7) has been awarded to Batavia Oil & Gas Pty Ltd (35%, operator), Hawkestone Oil Pty Ltd (35%), Alpha Oil & Natural Gas Pty Ltd (20%), Goldsborough Energy Pty Ltd (10%), which proposed a guaranteed program for the first three years of 500km 2D seismic survey and geoscience studies at an estimated cost of \$1.5m. The companies also propose a secondary program of 1 well, 400km 2D seismic survey and studies at an estimated cost of \$15.85m. There were no other bids for the area.

Permit WA-333-P (originally released as area W01-8) has been awarded to Batavia Oil & Gas Pty Ltd (35%, operator), Hawkestone Oil Pty Ltd (35%), Alpha Oil & Natural Gas Pty Ltd (20%), Goldsborough Energy Pty Ltd (10%), which proposed a guaranteed program for the first three years of 500km 2D seismic survey and geoscience studies at an estimated cost of \$1.5m. The companies also propose a secondary program of 1 well, 400km 2D seismic survey and studies at an estimated cost of \$15.85m. There were no other bids for the area.

NT/P62 (originally released as area NT01-3) has been awarded to National Oil & Gas Pty Ltd (35%, operator), Australian Natural Gas Pty Ltd (35%), Nations Natural Gas Pty Ltd (30%) which proposed a guaranteed program for the first three years of 500km 2D seismic survey and geoscience studies at an estimated cost of \$1.15m. The companies also proposed a secondary program of 1 well and studies at an estimated cost of \$15.45m. There were no other bids for the area.

NT/P63 (originally released as area NT01-4) has been awarded to National Oil & Gas Pty Ltd (35%, operator), Australian Natural Gas Pty Ltd (35%), Nations Natural Gas Pty Ltd (30%), which proposed a guaranteed program for the first three years of 500km 2D seismic survey and geoscience studies at an estimated cost of \$1.15m. The companies also proposed a secondary program of 1 well and studies at an estimated cost of \$15.45m. There were no other bids for the area.

NT/P64 (originally released as area NT01-5) has been awarded to National Oil & Gas Pty Ltd (35%, operator), Australian Natural Gas Pty Ltd (35%), Nations Natural Gas Pty Ltd (30%), which proposed a guaranteed program for the first three years of 500km 2D seismic survey and geoscience studies at an estimated cost of \$1.15m. The companies also proposed a secondary program of 1 well and studies at an estimated cost of \$15.45m. There were no other bids for the area.

Vic/P53 (originally released as area V01-4) has been awarded to Australia Crude Oil Company Incorporated (100%, operator), an affiliate of the Texas Crude Group of Companies based in Houston, USA. The company proposed a guaranteed program for the first three years of 2 wells, 200km² 3D seismic survey and geoscience studies at an estimated cost of \$40.2m. The company also propose a secondary program of 2 wells and studies at an estimated cost of \$36.2m. There were two other bids for the area.

The permits are awarded for a term of six years under the work program bidding system, and each component of the programs must be completed in the designated year or earlier.

Areas currently available for bidding

	Areas	Bid Closing Date
2002 Release areas (2nd bidding round)	NT02-2 to 9, W02-1 to 11, S02-1 to 8, V02-1, V02-3 to 4, T02-1 to 4	10 April 2003

Further information on these areas and application requirements can be found by visiting website www.industry.gov.au/petexp or by requesting a free CD-ROM by e-mailing petroleum.exploration@industry.gov.au.

Do you want to advertise in the 2003 Acreage Release Package?

The acreage release package on CD-ROM is now distributed to over 900 people in the industry, both domestically and internationally (including USA, Canada, Japan, Korea, China, India, Europe and the UK).

Support industries, such as seismic companies, are able to advertise their products and services that are *applicable to the areas in the release package*.

Companies interested in placing advertising in the 2003 acreage release package should register their interest (no obligation) by e-mailing: petroleum.exploration@industry.gov.au. Advertising is placed on the CD-ROM, and can be hotlinked to your company internet address. Similarly, the release package on the ITR website provides hotlinks to advertising companies.

The cost for advertising in the release package is A\$2,200, including 10% GST, for the equivalent of up to 4 x A4 pages. Expressions of interest should be received by 20 December 2002, with pdfs of your advertising to be forwarded to the above e-mail address by 24 January 2003. The proposed 2003 release areas will be provided in the next newsletter (end November 2002).

Proposed offshore acreage for release in 2003

Thank you to all those companies who nominated acreage to be released in 2003.

While expressing interest does not guarantee inclusion in the release, all nominations are seriously considered. The areas are subjected to a rigorous phase of assessment and shortlisting.

The areas proposed for release in the 2003 offshore acreage release will be announced through this newsletter around late November 2002. While we note that these areas are still subject to change, it is highly unlikely that new areas will be added at this stage of the release process. Details on the proposed areas will not be provided prior to the 2003 release date of 24 March 2003.

Promotion of Australian offshore acreage

Departmental representatives will be available to discuss Australian offshore acreage matters at the following conferences:

WABS **Perth, Australia** **20-23 October 2002**
(West Australasian Basins Symposium)

NAPE **Houston, USA** **29-31 January 2003**
(North American Prospect Expo)

APPEA Melbourne, Australia 23-26 March 2003
(Australian Petroleum Production and Exploration Association)

SEAPEX Singapore 9-11 April 2003
(South East Asia Petroleum Exploration Society)

AAPG Salt Lake City, USA 11-14 May 2003
(American Association of Petroleum Geologists)

Seminars will also be held in Tokyo, Seoul and Beijing in April 2003 (dates not set yet).

We would be happy to try and organise private meetings with companies in conjunction with these events. E-mail: petroleum.exploration@industry.gov.au .

Federal Parliament passes Petroleum (Submerged Lands) Amendment Bill 2002

On 16 October 2002, the Senate passed the Petroleum (Submerged Lands) Amendment Bill 2002 unamended, completing Parliamentary consideration of the Bill. It is expected to receive Royal Assent within a month. A copy of the Bill is available at www.aph.gov.au/bills/index.htm.

The Bill implements two recommendations made by the recent review of the *Petroleum (Submerged Lands) Act 1967* against competition policy principles. One of these is intended to enhance competition and the other to reduce industry compliance costs.

The first amendment reduces to two the number of times an exploration permit can be renewed. This will enhance competition by ensuring that exploration acreage is made available to other explorers at an earlier point in time. **This change will apply to permits granted in respect of areas offered by gazettal on or after 1 January 2003.**

The second change is to the retention lease provisions, and reduces from two to one the number of times between renewals that the lessee can be required by the regulator to reassess the commerciality of the discovery. This change will reduce compliance costs for the industry.

Any enquiries about the Bill should be directed to Greg Hill, Offshore Resources Branch, on ph: +61 2 6213 7202 or e-mail: greg.hill@industry.gov.au.

Timor Sea Joint Petroleum Development Area - current status

On 20 May 2002 Australia and the newly independent East Timor signed a Timor Sea Treaty, an Exchange of Notes on provisional arrangements until entry into force of the Treaty and a Memorandum of Understanding on an International Unitisation Agreement for the Greater Sunrise field. These documents provide a sound legal framework that will enable commercial development of the resources in the Joint Petroleum Development Area.

The Timor Sea Treaty provides, in the absence of and without formal delimitation, for Australia and East Timor jointly to develop petroleum resources. It establishes the Joint Petroleum Development Area and provides for ownership of petroleum in the

ratio of 90:10 in East Timor's favour. It also provides for a new administrative architecture, including the transfer of the responsibilities of the current Timor Gap Joint Authority for the Zone of Co-operation for the day to day management of the Area to a Designated Authority.

As the Treaty will not enter into force until ratification by both Australia and East Timor, the Exchange of Notes avoids a legal vacuum in the period between treaty signing and its coming into force.

Over \$US700 million has been spent on petroleum exploration in the Area to date with petroleum being produced from the Elang-Kakatua fields since 1998.

The resources of the Timor Sea, especially the Bayu-Undan and Greater Sunrise fields, are of major importance for both Australia and East Timor. The signing of the documents expresses the intention of both governments to conclude all necessary outstanding matters to enable both the Bayu-Undan and Greater Sunrise developments to proceed.

Early stage development of the Bayu-Undan field has commenced. This field will provide substantial revenues to East Timor from 2004 and will underpin the country's future. The gas will be processed onshore in Darwin for export, providing substantial downstream benefits for Australia and greater export revenue. To enable the joint-venture partners to make continued investment decisions for Greater Sunrise, Australia and East Timor signed the Memorandum of Understanding on Unitisation of the Greater Sunrise field. It expresses the intention of both govern to expeditiously and in good faith proceed with arrangements that will allow development of this field which is currently estimated to lie 79.9% in Australian jurisdiction.

Information on exploration and production in the Area is available from the Timor Gap Joint Authority. Contact details are:

The Executive Directors
Timor Gap Joint Authority
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22 Mitchell Street
DARWIN NT 0800
AUSTRALIA

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National Offshore Petroleum Safety Authority

Ministers with responsibility for resource issues across Australia have endorsed the way forward for the formation of an independent national offshore safety authority. The Ministerial Council on Mineral and Petroleum Resources (MCMPR) met in Perth on 13 September 2002 and reconfirmed the priority they have for improving safety in Australia's offshore petroleum industry by establishing a best practice, consistent approach across all jurisdictions.

The national offshore petroleum safety authority will be a single agency covering both Commonwealth and State coastal waters. The authority will improve safety across the

offshore petroleum industry and deliver world-best practice safety regulation for Australia.

A single authority will reduce the regulatory burden on industry operating across multiple jurisdictions. By delivering a consistent and comprehensive coverage of safety it will increase Australia's attractiveness as a destination for petroleum investment. It meets the needs of industry and the workforce for an independent safety regulator.

The offshore petroleum industry is strategically important to Australia's future economic performance. Australian consumers need secure supply at a competitive price - a strong local industry is essential for meeting this demand. Any serious disruption to this supply, for example through an accident on a production platform, could have major economic consequences. While such events are unlikely, the costs of such a disruption would be high.

A joint offshore safety authority will provide significant benefits, ensuring better safety outcomes for individuals working on offshore platforms and reducing risks to the environment.

The MCMPR endorsed a set of Recommendations which chart the way forward for the formation of a single statutory national offshore safety authority.

Ministers complimented the work of the Offshore Safety Improvement Steering Committee and its working groups who presented reports on improving offshore safety through changes to:

- the institutional form of the safety regulator;
- the existing legislation to address deficiencies; and
- policies and procedures to improve technical aspects of safety regulation of petroleum activities in Commonwealth and State/NT offshore waters in Australia.

For more information on the project to improve offshore safety outcomes in Australia visit the offshore safety web site: www.industry.gov.au/offshoresafety.

Forthcoming Report on China in the World Market

In early November 2002, the Economic Analytical Unit (EAU) of the Department of Foreign Affairs and Trade will release its latest report on China, *China Embraces the World Market*. As well as examining past and future economic performance, the report also assesses the implications of China's WTO entry for Australian business opportunities and the likely effect on China's challenging business environment. In particular, the report provides an assessment of China's minerals and energy sector and a discussion of commercial opportunities for Australian miners and mining services companies.

China Embraces the World Market will be launched with business seminars in Sydney, Perth, Brisbane and Melbourne in early November. Further details are available at www.dfat.gov.au/eau or by e-mailing: economic.analytical@dfat.gov.au. Copies of the report can be pre-ordered by e-mailing: jane.monico@dfat.gov.au or by phoning +61 2 6261 3114.

Regional Minerals Program

The Hon Ian Macfarlane MP, Minister for Industry, Tourism and Resources, recently agreed to an extension of the Commonwealth Government's Regional Minerals Program to incorporate activities in the oil and gas industry sectors.

The Minister's decision to extend eligibility of the Program to oil and gas projects recognises the significant contribution these sectors make to Australia's economic growth. With regard to this Program, the term 'mineral' is now taken to mean a naturally occurring resource mined from the earth.

The Regional Minerals Program is a cooperative program aimed at achieving a coordinated approach to facilitating the development of mining and minerals activities. Funding for studies is based on a partnership between the Commonwealth, State/Territory governments and industry.

The aim of the Program is to promote regional economic development in Australia by facilitating the growth of the mining and mineral industries. The Government has committed \$250,000 annually to the Program up to, and including, the 2003-04 financial year. The Program supports studies that:

- provide an overview of the mineral resources and the potential for mineral and processing development in selected regions;
- assess the infrastructure and government services of the region and develop proposals to overcome impediments; and
- facilitate a coordinated approach to regional minerals development.

Some examples of projects the Program can provide funding for include: thematic or commodity specific studies that have the intent of removing impediments to the development of the minerals industry in regional/remote Australia, the mineral industry's interaction with the community, ways to increase the economic contribution of the mineral industry to regional areas, the impact of closures, infrastructure feasibility studies, environmental issues, dissemination of critical resources information or facilitating progress in implementing the recommendations from previous studies.

Applications for the 2002-03 round must be lodged by Friday, 22 November 2002.

Further information on the Regional Minerals Program, including guidelines for the program, can be found at: www.industry.gov.au/regionalminerals, or e-mail regional.minerals@industry.gov.au or phone Louise Chapman on +61 2 6213 7006.

Australian Petroleum Statistics

The December issue of the Australian Petroleum Statistics is now available. The December issue contains statistics on petroleum production, refining, consumption, imports, exports and stocks for the 2001 calendar year. The issue also contains petrol prices and taxes in OECD Countries for the September quarter. Annual subscriptions cost \$270 or \$27 per issue. Copies can be obtained by contacting Rae Fisher on ph: +61 2 6213 7967 or alternatively by e-mail at rae.fisher@industry.gov.au.

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