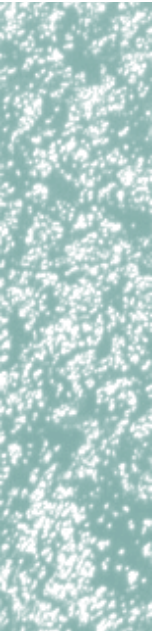


GUIDANCE NOTES FOR APPLICANTS

Release of Offshore Petroleum
Exploration Areas Australia
2002



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Purpose of these Guidance Notes

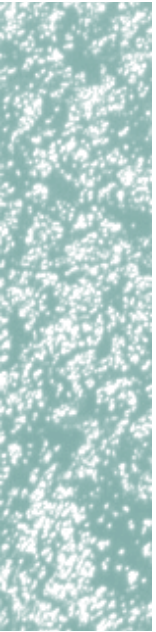
This book sets out information for applicants on what information is required in application bids, the selection criteria used in assessing those applications, permit conditions and administration that apply once a permit has been granted, the bid closing dates for each area, application lodgement details, special notices outlining the rights and interests of other parties in the 2002 release areas and 'quicklook maps' of the release areas.

It has been produced by the Petroleum and International Energy Division in the Australian Government Department of Industry, Tourism and Resources (ITR), in consultation with relevant Commonwealth agencies as well as the Mines Departments and relevant State agencies in the six States and the Northern Territory.

Material contained in this book is part of the 2002 Offshore Petroleum Acreage Release Package, which is available on CD-ROM or at internet address: www.industry.gov.au/petexp.

The producers of this release package welcome any comments or suggestions you have on its content. Please e-mail your comments to: petroleum.exploration@industry.gov.au.

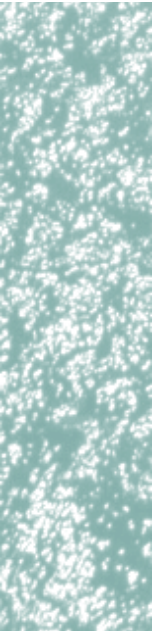




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Introduction

Offshore petroleum exploration in Australia operates under a work program bidding system. Before applying for an exploration permit, there are three administrative guidelines with which potential applicants should be familiar:

- applications for exploration areas;
- bid assessment criteria;
- permit conditions and administration.

These guidelines set out the processes and requirements when applying for and being granted an exploration permit.

The main points from these guidelines are set out in broad terms in sections 1 to 3 of this book. A full list of legislation, regulations and administrative guidelines setting out operational practices can be found at: www.industry.gov.au/petexp.

Section 4 outlines the closing bid dates for each area, and where applications should be lodged.

Section 5 of this book sets out special notices of titleholder obligations as they apply to the rights and interests of others in the areas released for offshore exploration. This section is particularly important because it sets out the general expectations for liaison activity once a permit is granted, as well as highlighting any additional requirements/conditions for specific areas.

References to the 'Joint Authority' in this book refer to the various joint authorities established between the Commonwealth and each State/Northern Territory (NT), consisting of the responsible Commonwealth Minister and the relevant State/NT Minister (the 'Designated Authority'). Further information on the governmental structure administering offshore petroleum can be found in the section on Petroleum Law in Australia in the *An Overview for Investors* ("red book").

Any queries or comments on offshore petroleum exploration in Australia can be e-mailed to: petroleum.exploration@industry.gov.au.

Interested parties are also encouraged to register their contact details (name, title, company, mailing address, phone/fax numbers, e-mail address) at this e-mail address to receive a CD-ROM of future annual acreage releases for offshore petroleum exploration, as well as notification when new editions of the *Australian Petroleum News* are placed on the Departmental internet site. The *Australian Petroleum News* is used to provide updates to information in this book.





1. Applying for an Exploration Permit

Application Details

Applications for areas in the 2002 release are invited under the work program bidding system in accordance with section 20 of the *Petroleum (Submerged Lands) Act 1967*. Two copies of the application must be submitted.

Application Content

Applications **must** contain all of the following.

Technical Assessment

The applicant's technical assessment of the petroleum potential of the area should include the concepts underlying its proposed exploration work program, with sufficient detail to support that program. A sound technical assessment would include an assessment of relevant data and support the amount of seismic surveying and the number and conceptual targets of wells to be drilled.

Minimum Guaranteed Work Program (Years 1, 2, and 3)

The applicant's minimum guaranteed proposal (including indicative minimum expenditure) should include exploration wells to be drilled, seismic and other surveying activities (specifying the surveying technique), data evaluation and other work, within the permit area for each year of the first three years of the permit term.

Pre-purchase of existing non-exclusive data cannot form part of the work program (but any interpretation of that data included in the technical assessment will be taken into account in assessing the relative merits of the work program proposed). Such data proposed to be purchased after the award of a permit may form part of the work program provided that this does not disadvantage a competitor who purchased the data prior to bidding.

The minimum guaranteed work program should only comprise exploration work - appraisal work should not normally be included. Guidance on whether a well would be accepted as an exploration well is provided in the section 3 below.

Secondary Work Program (Years 4, 5 and 6)

The applicant's proposal (including indicative minimum expenditure) should include exploration wells to be drilled, seismic and other surveying activities (specifying the surveying technique), data evaluation and other work, within the permit area for each of the three remaining years of the permit term.

A secondary work program must be specified. The secondary work program should include substantial operational activities that will significantly advance exploration of the area - appraisal work should not normally be included.

Special notice for release area AC02-1

This area encompasses the Oliver oil discovery, formerly covered by Retention Lease AC/RL2. Potential applicants are advised that the Designated Authority will take exploration and/or appraisal work into account for this area. Work program objectives should clearly address this aspect for assessment purposes.

Particulars of the applicant to be provided

- The technical qualifications of the applicant and of its key employees.
- The technical advice available to the applicant.
- The financial resources available to the applicant, including evidence of the applicant's ability to fund the work program proposed, a statement of other exploration commitments over the next 6 years, and a copy of the latest annual and quarterly reports for each applicant company.
- Where relevant, the viability of the consortium lodging the application, including evidence that a satisfactory settlement has been, or can be, reached on the Joint Operating Agreement (a copy of a signed Heads of Agreement dealing will generally suffice).
- The percentage participating interest of each party to the application.
- Details of any permit cancellations or defaults on work program conditions under the *Petroleum (Submerged Lands) Act 1967* of any of the applicant companies over the previous five years, and why the applicant believes the prior failure is irrelevant to the current application, eg participation in the 'good standing' scheme.
- Details of any relationship that a director of an applicant company had with any company that had defaulted over the previous five years.

Other Information

Such other information as the applicant wishes to be taken into account in consideration of the application.

Applicants are asked to clearly state in their work program bid whether acquisition of seismic survey data relates to purchase/licensing of existing seismic data, or whether a new seismic survey will be undertaken as part of the work program.

Fee

Each application must be accompanied by a fee of \$A3,000, payable to the "Commonwealth of Australia" through an Australian bank or bank cheque. The amount of the fee is prescribed in Regulations under the *Petroleum (Submerged Lands) Act 1967*.

NOTE: Applicants should note it is mandatory that the minimum work program proposed in each year of the term of the exploration permit is stated precisely to avoid any ambiguity. Proposals for work programs that cannot be guaranteed to be undertaken within the first three years of the permit term must not be included.



2. Criteria for Assessment of Applications

This section sets out the criteria to be followed in assessing applications lodged under section 20 of the *Petroleum (Submerged Lands) Act 1967* for the award of exploration permits.

In their applications for the award of exploration permits, companies will be expected to take into account all relevant information and any special conditions (such as environment protection, defence and fisheries matters) applying in permit areas. Relevant information, access restrictions and details of special conditions known to government at the time of release are included in section 5 of this publication. It is recommended that companies register to receive the *Australian Petroleum News* (by e-mailing your contact details to petroleum.exploration@industry.gov.au) as this publication is used to notify you of any updates to this information.

An applicant must first satisfy the Joint Authority of its capacity to undertake its proposed work program, particularly:

- the adequacy of financial resources and technical expertise available to each applicant;
- the likelihood that the applicant will continue to have access to sufficient resources to meet the requirements of the proposed work program as well as other commitments previously entered into in other permit areas;
- the future viability of any consortium lodging an application, including evidence that a satisfactory Joint Operating Agreement has or can be reached; and
- the applicant's past performance in other petroleum exploration areas in Australia or, if relevant, elsewhere.

Assessment Criteria

The basic objective in awarding any exploration permit is to select the work program bid most likely to achieve the fullest assessment of the petroleum potential within the permit area in the minimum guaranteed period, recognising the essential role of wells in the discovery of petroleum. Work programs proposed in bids must significantly advance the exploration status of the area. Work considered equivalent or inferior to work already carried out will not be regarded as advancing exploration effort. Work program bids will be assessed taking account of the criteria listed below.

The criteria for assessment of applications are as follows:

- the number and timing of exploration wells to be drilled, provided there is an adequate supporting program of geological and geophysical work;
- the amount, type and timing of seismic surveying to be carried out;
- other new surveying, data acquisition and reprocessing to be carried out;
- the amount, type and timing of any purchasing or licensing of existing data:
 - pre-purchase of existing non-exclusive data cannot form part of the work program but any interpretation of that data will be taken into account in assessing the relative merits of the work program proposed;
 - existing non-exclusive data proposed to be purchased after the award of a permit may form part of the work program provided that this does not disadvantage a competitor who purchased the data prior to bidding;
- significant appraisal work over any previous petroleum discoveries within the area; and
- the extent to which the applicant's technical assessment supports the amount of seismic surveying and the number and conceptual targets of wells proposed in the application.

In the event that a winning applicant cannot be chosen on the basis of the minimum guaranteed work program, the amount and timing of work proposed under the secondary work program will be assessed against the above criteria.

Process for Assessing Applications

Applications are expected to be submitted in accordance with the guideline *Applications for Exploration Areas*. The applications will be assessed against the selection criteria by a panel of officials representing the Joint Authorities. The panel will prepare a report for the relevant Joint Authority containing recommendations as to the winning bid.

Applications will be assessed on the basis of the information contained in the written applications together with any additional information requested by the Designated Authority, which should also be submitted in writing. Applicants may be invited to attend an interview with the panel responsible for advising the members of the Joint Authority and information provided during that interview will also be taken into account.

It should be noted that the composition and timing of the work program proposed in the original application as part of the competitive bidding process cannot be amended by the provision of additional information or through the interview process.

In the event that a winning applicant cannot be chosen on the basis of the information contained in the written application and provided during interview, the two or more parties that the Joint Authority considers as equally deserving of the grant of the permit, will be invited to submit supplementary written bids as a basis for the selection of a successful applicant.

Consideration of Past Performance

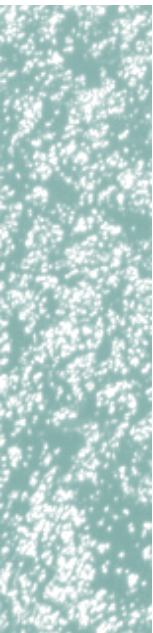
As indicated above, the Joint Authority may take into consideration, amongst other things, the applicant's past performance in other petroleum exploration areas in Australia or, if relevant, elsewhere. This may occur even where the applicant's proposed work program is the highest submitted.

This would particularly apply in the situation where one or more of the applicants were participants in previous permits that had been cancelled because of default in meeting work program commitments and where there was no agreement to maintain good standing. (Further information on good standing arrangements can be found in section 3 below.)

Although any cancellation would be taken into account and the circumstances of the default would be relevant, consideration would generally be given to cancellations occurring in the previous five years.

In the event of consideration being given to prior cancellation and where this would be a significant decision making factor in the offer of a permit, the applicant would be given the opportunity to establish that the earlier failure was irrelevant to the current situation and that default would not occur in the current application.

A record will be maintained of companies that have defaulted on work program commitments and have not taken advantage of the good standing arrangements. Information about whether a particular company has defaulted on work program commitments and has not taken advantage of the good standing arrangements may be provided to a Designated Authority.



Refusal to Grant a Permit

Applicants should note that the *Petroleum (Submerged Lands) Act 1967* provides that the Joint Authority may refuse to grant a permit to an applicant. While the Act does not specify the grounds for refusing to grant a permit, they may include:

- where the work program proposed is inferior to that of a competing bid;
- the work program bid is inadequate to significantly advance the exploration status of the area;
- the work program bid is not supported by a sound technical assessment;
- the Joint Authority is not satisfied that the applicant possesses the financial or technical capacity to complete the work program bid; and
- the Joint Authority is not satisfied that, on the basis of past performance, the applicant will comply with permit conditions.

Minimum Acceptable Work Program Bids

An exploration permit will not be offered to an applicant unless the applicant can satisfy the Joint Authority of its capacity to undertake its proposed minimum guaranteed work program and that program is considered likely to significantly progress the assessment of the petroleum potential of the permit area.

A secondary work program must be specified. The secondary work program should include substantial operational activities that will significantly advance exploration of the area.

At least one well would normally be expected to be proposed within the six years of the permit term.

The minimum acceptable bid for an area will vary depending on the size of the area and its perceived prospectivity. Generally, it would be expected that the minimum guaranteed work program would include at least a significant amount of new seismic surveying and/or wells. However, where extensive non-exclusive seismic data are available over an area, it would generally be expected that the minimum guaranteed work program would include at least the licensing of a significant amount of those data and/or wells.

The minimum acceptable bid must be credible, coherent and supportable. It should be able to be pursued on a dry hole basis. The early elements of the program should be sufficient to enable the later elements to proceed. If there is no current lead or prospect identified, there must be sufficient phased seismic to enable a lead/prospect to be identified somewhere in the permit area, and be brought to a drillable status.

The above guidance on minimum acceptable bids will also be applied by the Joint Authority when considering applications for five year renewal terms for permits.

Re-Release of Acreage

The re-release of an area will be at the discretion of the Joint Authority. However, it is generally intended that any area that does not attract a successful bid will be re-released about two months after the original closure date for applications for that area. The re-released areas will be open for bidding for about four months. Whenever possible, the closure date for applications for re-released areas will coincide with the next closure date under the normal acreage release process. Areas will only be re-released once.

The re-released areas will be open to all interested bidders under the work program bidding system. The promotion of the re-released areas would be expected to consist of a notice in the relevant government gazette and an article in the *Australian Petroleum News* (a newsletter published on the ITR internet site).

3. Permit Conditions and Administration

The conditions applying to a permit granted under sections 22 (initial term) or 32 (renewal term) of the *Petroleum (Submerged Lands) Act 1967*, and the continuing administration of those conditions, will be as follows.

- (a) The permittee will be required to undertake within the permit boundary each component of the minimum guaranteed work program in the designated year or earlier and failure to do so may result in cancellation of the permit.

The minimum guaranteed work program cannot be reduced once the permit has been awarded. Exploration activity in excess of the minimum guaranteed work program is permitted.

Surrender of the permit in good standing may only be agreed prior to the beginning of the fourth permit year if the total three year minimum guaranteed work program is completed.

- (b) No earlier than six months and no later than three months before the end of the third year of the permit term, the permittee may submit a revised secondary work program covering the remaining years of the permit term for consideration by the Joint Authority and agreement on a mutually acceptable work program.

If agreement cannot be reached on a mutually acceptable work program, the permit may be surrendered in good standing or continue in force subject to the original secondary work program.

- (c) On commencement of the fourth permit year the secondary work program (as revised, if agreed by the Joint Authority) becomes guaranteed on a year by year basis and each component must be undertaken within the permit boundary in the designated year or earlier and failure to do so may result in cancellation of the permit.

The permittee may renegotiate the secondary work program on an annual basis by providing substantial and compelling evidence that the work program should be varied on technical grounds prior to entry into any of the remaining years of the secondary term.

Surrender of the permit in good standing during the secondary work program may only be agreed in a permit year if the work guaranteed for that year has been completed.

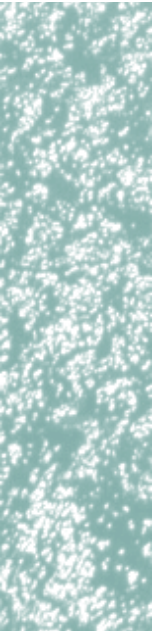
If a permit holder fails to complete a final year work program, the permit holder will not have complied with the conditions of the permit.

- (d) Permittees may apply at any time for a variation or suspension of permit conditions (eg work program commitments) on the grounds of *force majeure*. *Force majeure* refers to an event or effect that cannot be reasonably anticipated or controlled via experience or care. Commercial circumstances that are common risks in the industry would not normally be considered as a basis for *force majeure*. Factors such as changes in oil prices, difficulty in attracting farm-ins, avoidable delays in contracting a rig or vessel, disappointing drilling results, poor quality seismic data or the failure to prove up a prospect would not normally be considered as *force majeure*. Such factors may influence the perceived commercial viability of an activity, but should not prevent the explorer from adhering to its bid commitment.

When applying for a suspension of permit conditions, permittees may also apply for an extension of the permit term.

- (e) Where a permittee has been unable to prove up a prospect to meet a drilling commitment, the permittee may apply for a variation and suspension of permit conditions to commit to sufficient new seismic surveying (additional to the current work program) to prove up a prospect to meet that drilling commitment. Only where a permittee has demonstrated a significant attempt to meet its work program commitments would a suspension be considered and then only for a maximum of 12 months.





- (f) The American Petroleum Institute's well classification is used as a general guide to determine whether a well has sufficient exploration component to meet a work program commitment.

The first appraisal well in a permit on the extension of a discovery made in an adjacent permit will be accepted as an exploration well. Similarly, a well drilled on the unproven extension of an accumulation from an adjacent permit will be accepted as an exploration well.

- (g) Permittees may seek at any time to have an alternative work activity credited as meeting a work program commitment. Whether an alternative work activity meets a work program commitment will be considered on a case-by-case basis, with the criteria for approval being to ensure that the alternative work activity is a similar, or superior, technique and meets or exceeds the objective of the original work commitment.
- (h) Non-exclusive seismic data purchased by a permittee may be counted against a pre-existing work program commitment to the extent that the survey met in part, or in full, the original work program commitment and was recorded after the date on which the permit was granted/renewed.
- (i) Permittees will be required to comply with the provisions of the Act, the Regulations and Directions issued under the Act, and with any special conditions associated with the permit area.

Permit Cancellation

Permit holders are expected to maintain permits in good standing and ensure that all obligations under the legislation, Directions and permit conditions, including any special conditions associated with the permit area, are met within the due time frame. Failure to undertake each component of the minimum guaranteed work program or 'secondary' work program in the designated year or earlier may result in cancellation of the permit.

Where the Joint Authority believes cancellation of the permit is the appropriate course of action, the permit holder will be served notice of intention to cancel the permit in accordance with section 105 of the *Petroleum (Submerged Lands) Act 1967*. Generally, permit holders will be given five weeks within which to submit matters they wish to be considered and taken into account by the Joint Authority in reaching its final decision on permit cancellation.

Arrangements are available for companies that have a permit cancelled to maintain good standing (refer below to 'Arrangements to Maintain Good Standing').

Permit Surrender

Once a permit holder applies to the relevant Designated Authority for consent to surrender the permit, the Designated Authority will consider the application in the context of the requirements of section 104 of the *Petroleum (Submerged Lands) Act 1967* before giving or refusing consent to surrender the permit. The Designated Authority's consent to surrender will be conditional on the surrender taking effect in the permit year in which the consent is given. Otherwise additional rental payments and work program commitments will be incurred.

In considering whether the permit holder 'has complied with the conditions to which the permit is subject and the provisions of Part III of the Act and of the Regulations', account will be taken of all relevant requirements, particularly:

- the status of the permit (including fees and monies due) and whether all due work program commitments have been completed;
- the reporting requirements contained in the Directions given to the permit holder and whether all reports and data have been lodged (for example, reports on specified activities, quarterly reports, annual reports);

- the action taken by the permit holder to ensure that the permit area is clear of all debris resulting from operations and that all wells have been plugged or closed.

To facilitate consideration of applications for consent to surrender, it is expected that permit holders will ensure that the permit is in good standing (ie has fully complied with the conditions of the permit) and that any outstanding reports and data are lodged with the application.

Arrangements to Maintain Good Standing

A company that is in default of its work program conditions in a petroleum exploration permit but wants to maintain its good standing can have access to the following arrangements provided it satisfies government that it has made a significant attempt to assess the petroleum potential of the permit area. A significant attempt to assess the petroleum potential of the permit area would require at least the completion of seismic surveying commitments. The Joint Authority may also refer to whether the defaulting company has completed work in excess of the second highest bid for the permit area.

Where a work program condition has not been complied with, the permit will normally be cancelled. However, the defaulting company or companies can maintain their 'good standing' by entering into an agreement with the Joint Authority to undertake work in re-released acreage as outlined below. In the case of joint ventures, the net value of the commitments will be divided on the basis of each party's equity in the title. The defaulting company must also provide to government all documentary information relating to the cancelled permit, which will then become 'open file' data.

Any defaulting company wishing to take advantage of these arrangements must make a public statement about its undertaking at the time of cancellation or determination of their permit, or as may be agreed with the Joint Authority.

Defaulting companies seeking to maintain 'good standing' will be able to bid for re-released areas in any Commonwealth offshore area and, if successful, will be granted a permit. Details of the re-release of acreage are provided in the *Guideline Bid Assessment Criteria*. A defaulting permittee would have to obtain sufficient permits to commit all the offsetting expenditures in re-released areas. This would normally be expected to be in the two re-releases immediately following the cancellation of the permit.

To maintain 'good standing', the defaulting companies will be required to spend the full amount of the agreed value of any outstanding commitments on the acquisition and interpretation of new geophysical and geochemical data and/or drilling (excluding permit administration) activities in the minimum guaranteed period (ie the first three years) of the new permit or permits obtained from the re-released areas. Expenditures in permits obtained from the normal acreage releases do not count towards meeting outstanding commitments.

Any unspent monies remaining at the end of the first three years of the permit terms (and these would be expected to be only a very small proportion of the total owing) would have to be spent on studies of the offshore Australian region for the benefit of the wider petroleum exploration industry. The timeframe and nature of the studies would be determined in consultation with governments and industry.

A defaulting company that maintains 'good standing' through these arrangements will not have its past performance in the cancelled or determined permit taken into account in the consideration of future applications for vacant acreage.

The Joint Authority and the defaulting companies will agree on the monetary value of the outstanding work commitments. Independent expert advice will be sought where there is dispute about the agreed value. The defaulting permittees will be liable for the cost of obtaining such advice. Companies may be required to provide audited accounts demonstrating that the required expenditure commitments have been met.



4. Closing Dates, Lodgement of Applications and Availability of Data

Closing Dates

Applications must be lodged by 4.00pm on the relevant dates below:

First Round	Thursday, 24 October 2002
	Areas NT02-1, AC02-1, W02-12 to 15 and V02-2
Second Round	Thursday, 10 April 2003
	Areas NT02-2 to 9, W02-1 to 11, S02-1 to 8, V02-1, V02-3 to 4, and T02-1 to 4.

Lodgement of Applications

Applications, together with supporting data, should be submitted in duplicate to the relevant State/Territory Department address listed below:

Western Australia

Director Petroleum Division
Department of Mineral and Petroleum
Resources
Level 11, Mineral House
100 Plain Street
EAST PERTH WA 6004
ATTENTION: Petroleum
Applications Receiving Officer

Northern Territory and Territory of Ashmore/Cartier Islands

Director of Energy
Department of Business, Industry and Resource
Development
4th Floor, Centrepoint Building
48-50 Smith Street, The Mall
DARWIN NT 0800
ATTENTION: Petroleum Registrar

Victoria

Tender Box
Department of Natural Resources
and Environment
Ground Floor, 240 Victoria Parade
EAST MELBOURNE VIC 3002
ATTENTION: Senior Petroleum Titles Officer,
Minerals and Petroleum Regulation

Tasmania

Director of Mines
Mineral Resources Tasmania
30 Gordons Hill Road
ROSNY PARK TAS 7018
ATTENTION: Petroleum Registrar,
Industrial Minerals & Land Management

South Australia

Director Petroleum Group
Office of Minerals and Energy Resources
Department of Primary Industries & Resources
Level 7, 101 Grenfell Street
ADELAIDE SA 5000

The following special instructions should be observed:

- two copies of the application and supporting data, together with a fee of \$A3,000 payable to the "Commonwealth of Australia" through an Australian Bank or by bank cheque, should be enclosed in an envelope or package;
- the application should then be sealed and clearly marked as "Application for Area Commercial-in-Confidence";
- this envelope or package should then be enclosed in a plain covering envelope or package and delivered by hand or posted to the address above. It is the responsibility of the applicant to confirm receipt.

Availability of Data

Copies of basic exploration data pertaining to the blocks comprising this release may be purchased from the relevant State/Territory Department at the above address.

Refer also to *An Overview for Investors* ("red book"), section on Petroleum and Geoscience Datasets, as well as the Products and Services section of this acreage release package for further information on data availability.

It is recommended that companies interested in bidding for areas register their contact details on the petroleum exploration CD-ROM and e-mail distribution list (e-mail: petroleum.exploration@industry.gov.au). This ensures you will be notified of important updates to information for potential explorers as well as information on current issues in the governance of the Australian offshore petroleum sector.



5. Special Notices - Titleholder Obligations and the Rights and Interests of Others

Overview

Petroleum legislation requires that offshore operations be carried out in a manner that does not unduly interfere with other rights and interests. There is also a need to comply with other requirements and standards set by Australian law. All titleholders need to have due regard for matters such as:

- environment protection;
- navigation and maritime safety;
- fishing activities;
- defence activities;
- submarine cables;
- insurance; and
- Native Title rights and interests.

In addition to the general advice and requirements that apply to all release areas, there are also notices giving recommendations and requirements for specific areas. The attention of potential applicants is drawn to all the issues set out below, as they have been raised in consultations with others who have rights and interests in these marine areas. The requirements for specific areas may result in conditions being included in an exploration title document.

Notices for All Areas

Environment Protection

Australian governments require petroleum companies to conduct their activities in a manner that meets a high standard of environmental protection. Of particular importance to the offshore petroleum exploration industry are the requirements of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) and the Environment Regulations of the *Petroleum (Submerged Lands) Act 1967*. Under these two Acts, there are four main environmental approvals that may be required for petroleum industry activities. These are:

- an Environment Plan under the *Petroleum (Submerged Lands) (Management of Environment) Regulations 1999* (Environment Regulations);
 - this is required for every activity;
- approval under Chapter 4 of the EPBC Act to undertake an activity that may potentially affect a matter of National Environmental Significance (NES);
 - the most important matters of NES to offshore areas are Commonwealth marine areas, World Heritage areas, threatened species and migratory species;
- approval under Chapter 5, Division 3, of the EPBC Act to undertake activities that may interfere with cetaceans (eg whales and dolphins);
 - this is only required at locations and times that cetaceans are likely to be present;
- approval under Chapter 5, Division 4, of the EPBC Act to carry out activities in a Commonwealth Marine Reserve;
 - this category is not relevant to any of the areas in the 2002 release.

Further information on these approvals is provided below and in the accompanying publication: *An Overview for Investors* ("red book").

Information on the EPBC Act is available on the internet at www.ea.gov.au/epbc. The site also has information on referrals and decisions under the EPBC Act that may be of assistance in deciding whether to refer an intended action. A printed summary of the EPBC Act is also available: *An Overview of the Environment Protection and Biodiversity Conservation Act*, published in October 1999 by Environment Australia.

Environment Plan under PSLA

An Environment Plan must be in force (under Section 2 of the Environment Regulations of the *Petroleum (Submerged Lands) Act 1967* (PSLA)) before an operator carries out any activity in a permit area. Environment Plans are to be submitted to the relevant Designated Authority, who has 28 days to accept or refuse the Plan or request the operator to modify and resubmit the Plan. An accepted Environment Plan will establish the legally binding environment management conditions that must be met by the operator of an offshore petroleum activity. Division 2.3 of the PSLA Environment Regulations sets out the required contents of an Environment Plan. A Guideline on the preparation and submission of an Environment Plan can also be accessed at www.industry.gov.au/petexp.

National Environmental Significance and the EPBC

Companies proposing to undertake petroleum exploration or development activities are obliged, under the EPBC Act, to consider whether those activities are likely to have a significant impact on a matter of NES. The EPBC Act places the onus on the proponent for ensuring an activity either does not affect a matter of NES, or is approved by the Commonwealth Environment Minister before proceeding. If a proponent is unsure whether approval is required, the proposed activity can be referred to the Environment Minister for clarification as to whether it would be a 'controlled action' for the purposes of the EPBC Act. In the first instance, preliminary advice can be obtained from the Environment Assessment and Approvals Branch of Environment Australia (ph: +61 2 6274 1444). Published guidelines on significance are available from the Environment Australia Community Information Unit on 1800 803 772 (free call within Australia only) or e-mail: ciu@ea.gov.au.

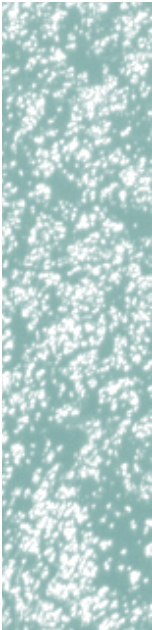
Cetaceans and the EPBC

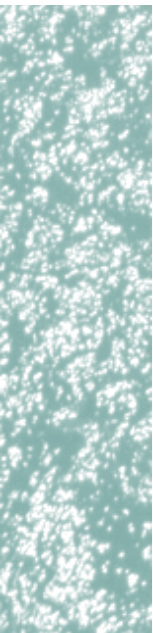
Under the EPBC Act there is also a requirement that a permit is obtained for any activity impacting upon cetaceans (eg whales and dolphins), incidentally or otherwise, in Commonwealth waters. Given potential interaction between seismic surveys and cetaceans, Environment Australia will carefully assess proposed activities in recognised whale migration and aggregation areas to determine if a cetacean permit is required. Guidelines on the interaction between offshore seismic operations and larger cetaceans, that were developed by Environment Australia in consultation with the petroleum industry, will assist explorers in addressing their obligations. Further information can be obtained from the Environment Australia website: www.ea.gov.au/epbc/permits/cetaceans/index.html.

A number of areas in the 2002 release are close to sensitive marine regions and/or whale migration routes. Some of these areas are subject to the special requirements described below in the Notices for Specific Areas.

Navigation

To ensure that navigational safety requirements are met, explorers are required to maintain close contact with the Rescue Co-ordination Centre (RCC) at the Australian Maritime Safety Authority (AMSA) prior to and during offshore operations. AMSA requires adequate forewarning of proposed activities to enable navigational warnings to be issued. This will be especially important for opera-





tions in any permits granted over areas located on or near major shipping routes. High traffic areas may require notification well in advance of intended operations.

Fishing Activities

All companies awarded exploration permits are required to initiate contact with Commonwealth and/or State fisheries management agencies and local fishing bodies concerning their exploration operations. It is suggested that contact be initiated at the earliest possible stage prior to commencing operations. Contact details for Commonwealth and State fishery agencies can be found by following the links from: www.affa.gov.au and www.affa.gov.au/state_fisheries respectively, as well as www.afma.gov.au/fisheries/default.php and www.afma.gov.au/links.php respectively.

A number of areas in the 2002 release coincide with regions of recognised commercial fishing. Some of these areas are subject to the special requirements described below in the Notices for Specific Areas.

Defence Requirements

Some of the areas in the 2002 release coincide with defence training areas. Successful applicants are advised that the Minister for Defence has the authority, under the *Defence Force Regulations 1952*, to order the evacuation of a defence practice area at short notice. Permit holders should consult regularly with relevant sections of the Department of Defence to minimise their own risk. Details of release areas that coincide with defence practice areas are provided below in the Notices for Specific Areas.

Successful applicants will be required to provide details on any suspended wellheads or proposed production platform/FPSO development to the Royal Australian Navy (RAN) Hydrographic Office. Contact details are provided below.

Locations of restricted areas, including maps, are listed in Annual Australian Notices to Airmen and Mariners publications which are available from the RAN Hydrographic Office. Further details of Department of Defence requirements may be obtained from:

Squadron Leader Colin Evers
Airforce Headquarters
Department of Defence
CANBERRA ACT 2600
Telephone: +61 2 6265 6337
Facsimile: +61 2 6265 7260
E-mail: colin.evers@defence.gov.au

Hydrographic Office, RAN
Locked Bag 8801
South Coast Mail Centre
WOLLONGONG NSW 2500
Telephone: +61 2 4221 8590
Facsimile: +61 2 4221 8599

Karen Hughes
Project Officer Land Use Assessment
Department of Defence
CANBERRA ACT 2600
Telephone: +61 2 6266 7744
Facsimile: +61 2 6265 3907
E-mail: karen.hughes@defence.gov.au

Submarine Cables

Permit holders can contact an information number 1800 652 388 (free call within Australia) to obtain cable position information. At the time of publication, Area T02-3 is the only area in the 2002 release that is directly affected by the presence of a submarine cable.

Native Title Rights and Interests

Applicants should be aware that Aboriginal representative organisations may have interests in some areas, particularly those that are closer to shore. It is recommended that successful applicants liaise closely with representative bodies and registered claimants on proposed exploration activities.

Insurance

Under section 97A of the *Petroleum (Submerged Lands) Act 1967*, successful applicants are required to maintain adequate insurance against expenses or liabilities in relation to activities pursuant to the exploration permit, including the expenses of complying with directions with respect to remedying the effects of the escape of petroleum.

Further Notices

Any further Special Notices and related issues will be advised in *Australian Petroleum News*, which can be accessed at www.industry.gov.au/petexp.

Applicants are strongly encouraged to register their e-mail, address and contact details with the Department of Industry, Tourism and Resources (ITR), Petroleum Exploration Section (details can be e-mailed to: petroleum.exploration@industry.gov.au). The mailing list is not used for any purpose other than disseminating petroleum information from ITR, such as the annual offshore petroleum acreage release package, the awarding of permits, changes to guidelines or legislation, and advice on when new editions of *Australian Petroleum News* are posted on the Internet. There is no charge for this service.

Notices for Specific Areas

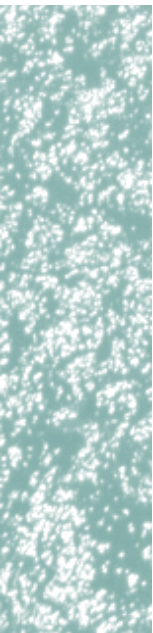
Special Notices – Areas off Victoria

V02-1

Applicants for this area should note that part of the area coincides with a recognised breeding area for the **Southern Right Whale**. Exploration activities during the breeding season (mid May to late September) may be subject to a high level of environmental scrutiny, especially with respect to cetacean permitting provisions.

Most of area V02-1 also coincides with one of the most significant feeding areas in Australian waters for **Blue Whales**. The feeding area is in waters on the continental shelf and along the shelf break (out to the 200m depth contour). Exploration activities that may impact upon the whales should be minimised during the feeding period (December to May) and proposed activities during that period, particularly within the recognised feeding area, are likely to be subject to a high level of environmental scrutiny, especially with respect to cetacean permitting provisions. Potential applicants should also be aware that Environment Australia is continuing to assess the feeding area for possible inclusion into its marine reserve system.

In addition, Area V02-1 coincides with the **Southern Squid Jig Fishery** (SSJF), which is at its most active between April and June. Successful applicants are advised to liaise with the SSJF Management Advisory Committee prior to commencing exploration activities.



V02-1 to 4

Areas V02-1 to 4 coincide with the **Southern Shark Fishery** (SSF). Successful applicants are advised to liaise with the SSF Management Advisory Committee at an early stage prior to commencing any exploration activity, particularly with regards to proposed timing of seismic operations.

V02-2 and 3

Areas V02-2 and 3 coincide with the **Bass Strait Central Zone Scallop Fishery**. Successful applicants will need to be mindful of the possible impacts of exploration activities on scallops and are advised to liaise with the Scallop Management Advisory Committee (ScallopMAC) at an early stage prior to commencing any exploration activity.

Special Notices – Areas off Tasmania

T02-1 and 2

Areas T02-1 and 2 are close to one of the most significant feeding areas in Australian waters for **Blue Whales**. The feeding area is in waters on the continental shelf and along the shelf break (out to the 200m depth contour). Exploration activities that may impact upon the whales should be minimised during the feeding period (December to May) and proposed activities during that period, particularly within the recognised feeding area, are likely to be subject to a high level of environmental scrutiny, especially with respect to cetacean permitting provisions. Potential applicants should also be aware that Environment Australia is continuing to assess the feeding area for possible inclusion into its marine reserve system.

Potential applicants should be aware that Areas T02-1 and 2 are traversed by a known migratory pathway of the **Southern Right Whale**. As a consequence, proposed exploration activities during the migration period (early May to late June) may be subject to a high level of environmental scrutiny, especially with respect to cetacean permitting provisions.

Areas T02-1 and 2 also coincide with the **Southern Shark Fishery** (SSF). Successful applicants are advised to liaise with the SSF Management Advisory Committee at an early stage prior to commencing any exploration activity, particularly with regards to proposed timing of seismic operations.

Area T02-2 coincides with the **South East Trawl Fishery** (SETF) much of which is fished all year round. Successful applicants should liaise with the SETF Management Advisory Committee prior to commencing any exploration activity.

T02-3

A **submarine cable** lies on the sea floor within release area T02-3. Successful applicants are advised to seek precise location information before undertaking any operations that could damage the cable.

Special Notices – Areas off South Australia

S02-1 to 8

Applicants for areas S02-1 to 8 should be aware that these areas are traversed by a known migratory pathway of the **Southern Right Whale**, a listed migratory and endangered species under the EPBC Act. Seismic activities during the migration period (mid May to late September) may be subject to a high level of environmental scrutiny, especially with respect to cetacean permitting provisions.

S02-6 to 8

Parts of areas S02-7 to 8 coincide with one of the most significant feeding areas in Australian waters for **Blue Whales**. The feeding area is in waters on the continental shelf and along the shelf break (out to the 200m depth contour). Area S02-6 is close to the feeding area. Exploration activities that may

impact upon the whales should be minimised during the feeding period (December to May) and proposed activities during that period, particularly within the recognised feeding area, are likely to be subject to a high level of environmental scrutiny, especially with respect to cetacean permitting provisions. Potential applicants should also be aware that Environment Australia is continuing to assess the feeding area for possible inclusion into its marine reserve system.

In addition, Areas S02-6 to 8 coincide with the **Southern Shark Fishery (SSF)**. Successful applicants are advised to liaise with the SSF Management Advisory Committee at an early stage prior to commencing any exploration activity, particularly with regards to proposed timing of seismic operations.

S02-8

Area S02-8 coincides with the **South East Trawl Fishery (SETF)** much of which is fished all year round. Successful applicants should liaise with the SETF Management Advisory Committee prior to commencing any exploration activity.

S02-6 and 7

Areas S02-6 and 7 have overlying **military restricted airspace** that, when activated, can operate down to sea level. It is particularly important for successful applicants to liaise closely with the Royal Australian Air Force at an early stage when planning exploration work to avoid possible conflict between exploration activities and military operations.

Special Notices – Areas off Western Australia

W02-5 and 6

Parts of Areas W02-5 and 6 lie within 40km of the **Mermaid Reef Marine National Nature Reserve**, which has been listed on the Register of the National Estate and with the World Conservation Union as a coral reef of international significance. Accordingly, successful applicants will need to consider whether any exploration activities that have potential to adversely impact upon the Reserve should be referred under the EPBC Act.

W02-4 and 6

Areas W02-4 and 6 coincide with an important area of the **North West Slope Trawl Fishery (NWSTF)**. Successful applicants are advised to liaise with the NWSTF Management Advisory Committee prior to commencing any exploration activity.

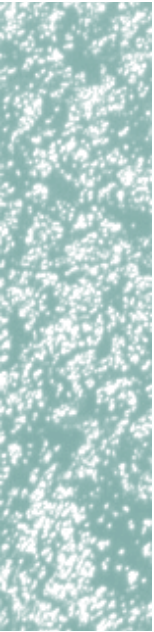
W02-10 and 14

Areas W02-10 and W02-14 are overlain by the **Learmonth Exercise Area** used by the Royal Australian Air Force (RAAF). Successful applicants will be required to consult with the RAAF before commencing any exploration activities.

Additionally, part of area W02-14 coincides with a **Defence Practice Area** used by the RAAF for flying activities including occasional live fire. Any exercises involving live fire would be programmed in advance. Successful applicants will be required to consult with the RAAF to establish workable arrangements prior to commencing any exploration activities.

W02-12 to 14

Applicants for offshore exploration areas W02-12 to 14 should be aware that these areas are traversed by a known migratory pathway of the **Humpback Whale**, a migratory and listed threatened species under the EPBC Act. Any seismic activities during the migration period (peaking July to September) may be subject to a high level of environmental scrutiny, especially with respect to cetacean permitting provisions.



W02-14

Parts of this area lie approximately 50km from the **Ningaloo Marine Park**. Successful applicants should be aware that any proposed exploration activities referred under the EPBC Act may be subject to a high level of environmental scrutiny.

Special Notices – Areas off Northern Territory

NT02-2 to 5

Areas NT02-2 to 5 coincide with the Northern Australia Exercise Areas. These are important **Defence Practice Areas** used by the Royal Australian Navy and the Royal Australian Air Force for a wide range of training and practice activities, including gunnery and missile firings. Applicants are advised that schedules are variable and may change at short notice. They should also be aware that all sea and air craft can be ordered to evacuate the practice areas at short notice.

Successful applicants will be required to consult with Defence authorities before commencing any exploration activities and then continue to do so on a regular basis.

NT02-2 to 4

Areas NT02-2 to 4 coincide with **prawn grow out grounds**. Successful applicants are advised to liaise with representatives of the Northern Prawn Fishery Management Advisory Committee prior to commencing any exploration activity.

Special Notices – Territory of Ashmore and Cartier Islands

AC02-1

This area encompasses the Oliver oil discovery, formerly covered by Retention Lease AC/RL2. Potential applicants are advised that the Designated Authority will take exploration and/or appraisal work into account for this area. Work program objectives should clearly address this aspect for assessment purposes.

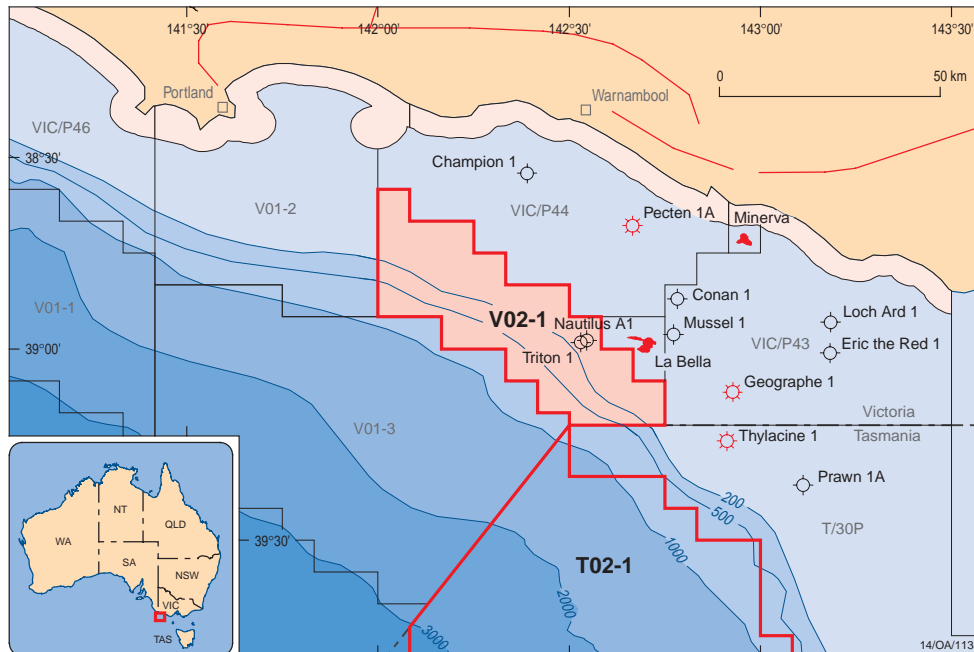
2002 Release Areas



Area V02-1

Otway Basin, Victoria

(Bids close 10 April 2003)



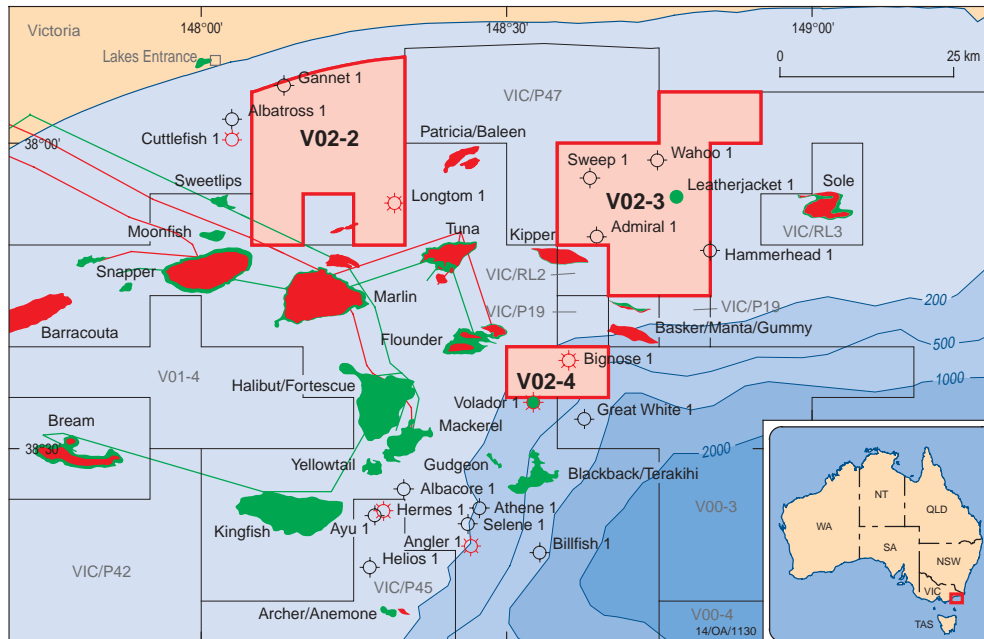
- Adjacent to La Bella, Minerva, Thylacine and Geographe gas discoveries.
- Proven gas province, oil potential in late Cretaceous.
- Late Cretaceous and Cainozoic play fairways.
- Under-explored, only two wells drilled in the area.
- Close to growing Victorian gas market.
- Established gas transmission network linked to New South Wales.
- Planned gas pipeline to South Australia and Tasmania.
- Special Notices apply, refer to Guidance Notes.

Areas V02-2, V02-3 and V02-4

Gippsland Basin, Victoria

(Bids close 24 October 2002 for V02-2)

(Bids close 10 April 2003 for V02-3 & 4)

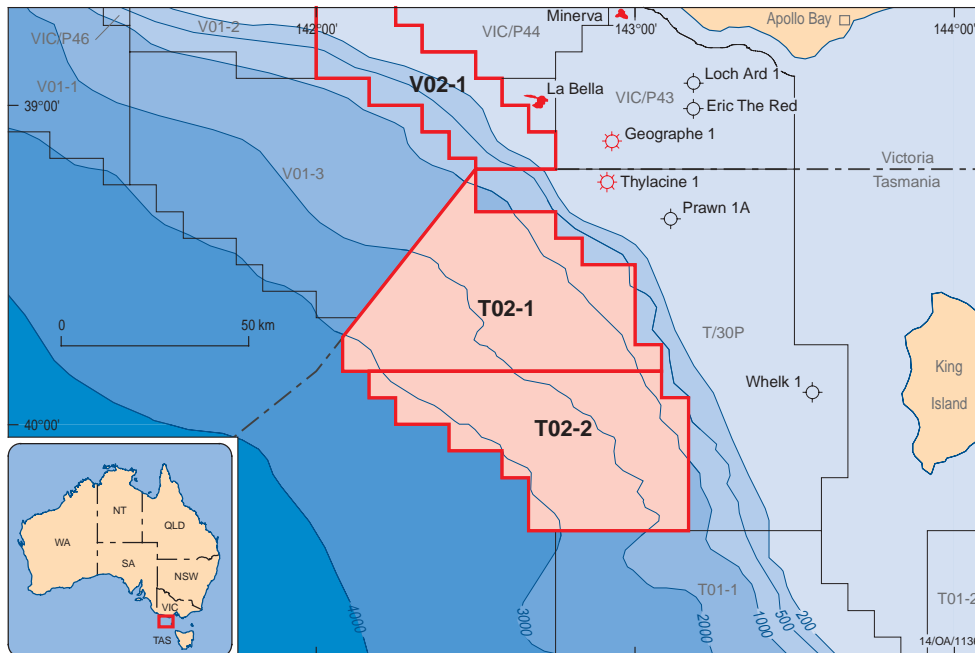


- Located in a world-class petroleum province.
- Adjacent to major producing oil and gas fields.
- Proven petroleum systems, good well control.
- Several play types with untapped potential in deeper stratigraphic levels.
- Good 2D seismic plus some 3D coverage over leads/prospects.
- Proximity to established infrastructure and commercial centres.
- Close to growing Southeastern Australian gas market.
- New gas pipeline network to South Australia and Tasmania.
- Special Notices apply, refer to Guidance Notes.

Areas T02-1 and T02-2

Otway Basin, Tasmania

(Bids close 10 April 2003)

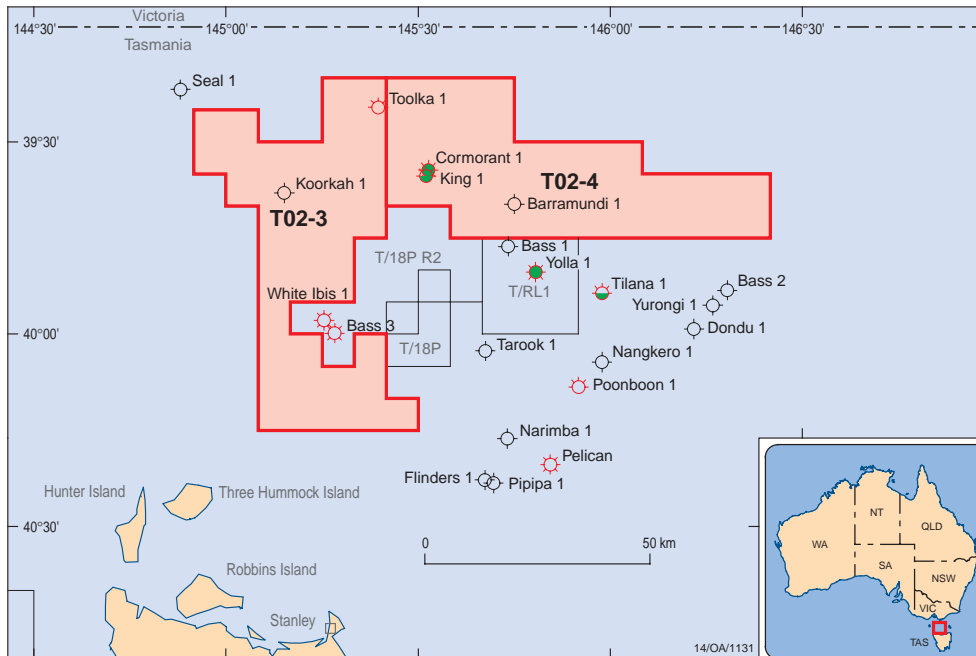


- Deep-water (continental slope) acreage.
- Very little previous exploration; no wells.
- Recent gas discoveries in adjoining acreage.
- Thick (8 kilometres) sedimentary section.
- Potential in tilted fault blocks and rollover anticlinal structures.
- Close to SE Australian gas market with established onshore pipeline network.
- New data sets available.
- Special Notices apply, refer to Guidance Notes.

Areas T02-3 and T02-4

Bass Basin, Tasmania

(Bids close 10 April 2003)

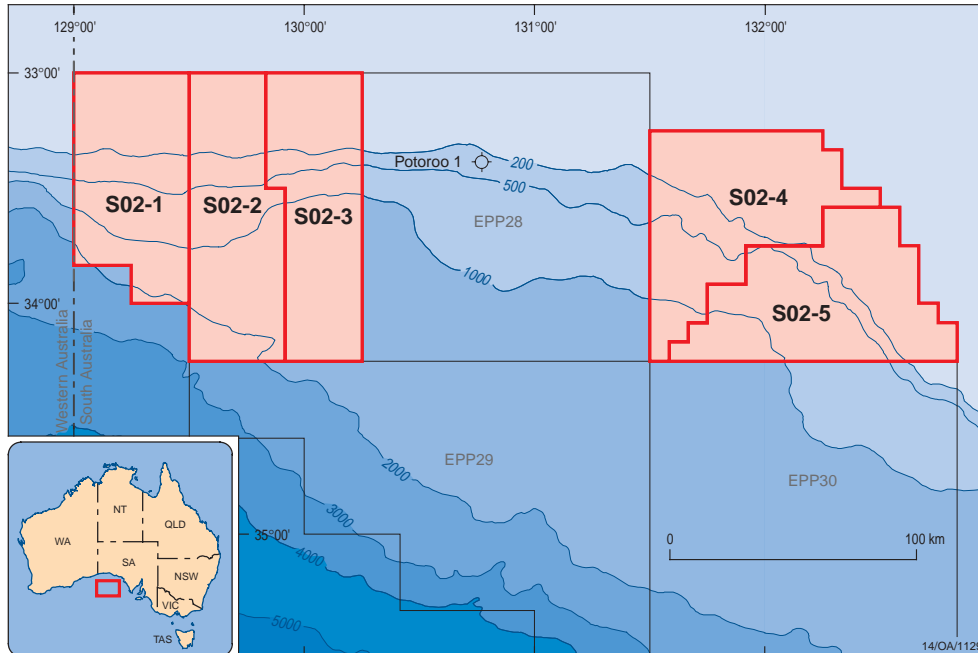


- Moderately well explored Cretaceous-Cainozoic basin containing proven hydrocarbon reserves.
- Areas adjacent to: Yolla and Pelican gas-condensate fields; White Ibis-1, Bass-3 and Pelican gas discoveries; and Cormorant-1 and King-1 oil discoveries.
- Large DHI identified in western part of area T02-3.
- Situated close to southeast Australian gas markets and on-going infrastructure developments.
- Water depths less than 75 metres.
- Special Notices apply, refer to Guidance Notes.

Areas S02-1, S02-2, S02-3, S02-4 and S02-5

Ceduna Sub-basin, Bight Basin, South Australia

(Bids close 10 April 2003)

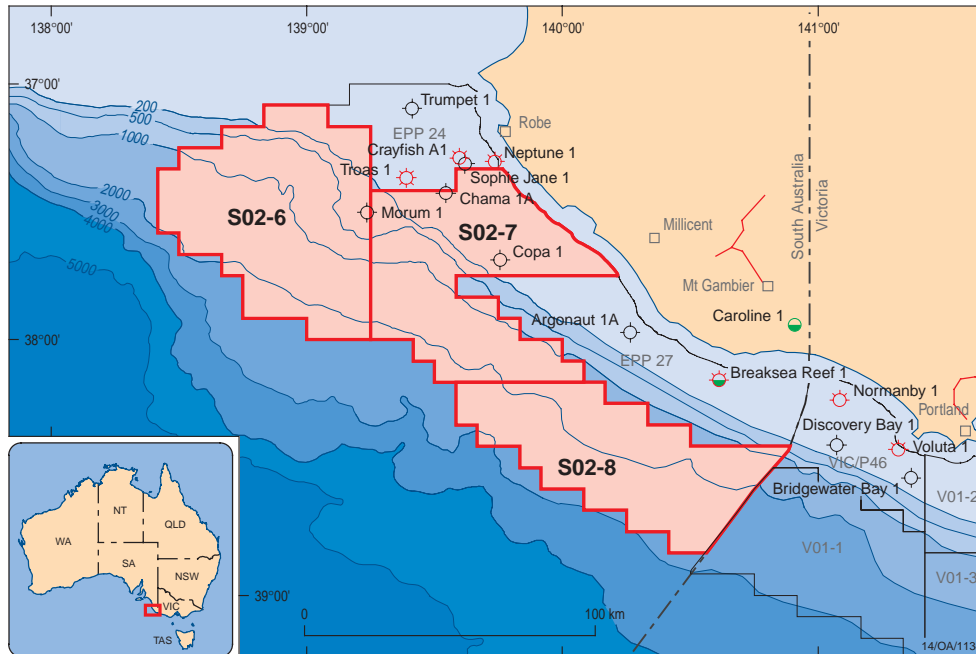


- Large unexplored frontier areas overlying thick Mesozoic depocentre.
- Large range of structural and stratigraphic plays in two Upper Cretaceous delta systems and marine successions.
- Demonstrated source, reservoir and seal facies.
- Multiple potential organic-rich intervals including marine Cretaceous strata.
- Widespread evidence for hydrocarbon generation and seepage.
- Adjacent to three current exploration permits.
- Water depths range from 100 to 2500 metres.
- Special Notices apply, refer to Guidance Notes.

Areas S02-6, S02-7 and S02-8

Otway Basin, South Australia

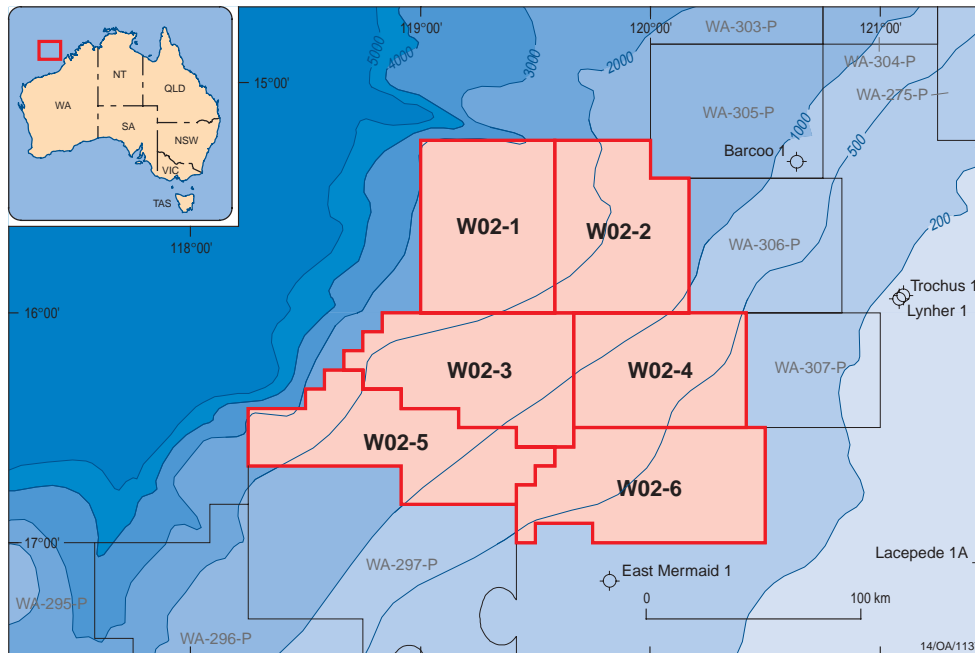
(Bids close 10 April 2003)



- Shallow-water (continental shelf) and deep-water (continental slope) acreage.
- Very little previous exploration in deep-water areas.
- Wide range of play types present.
- Large slope fan plays displaying multiple seismic reflection anomalies.
- Thick, well-developed Cretaceous section.
- Located less than 100 kilometres from proposed gas pipeline to Adelaide.
- Special Notices apply, refer to Guidance Notes.

Areas W02-1, W02-2, W02-3, W02-4, W02-5 and W02-6 Rowley Sub-basin, Roebuck Basin, Western Australia

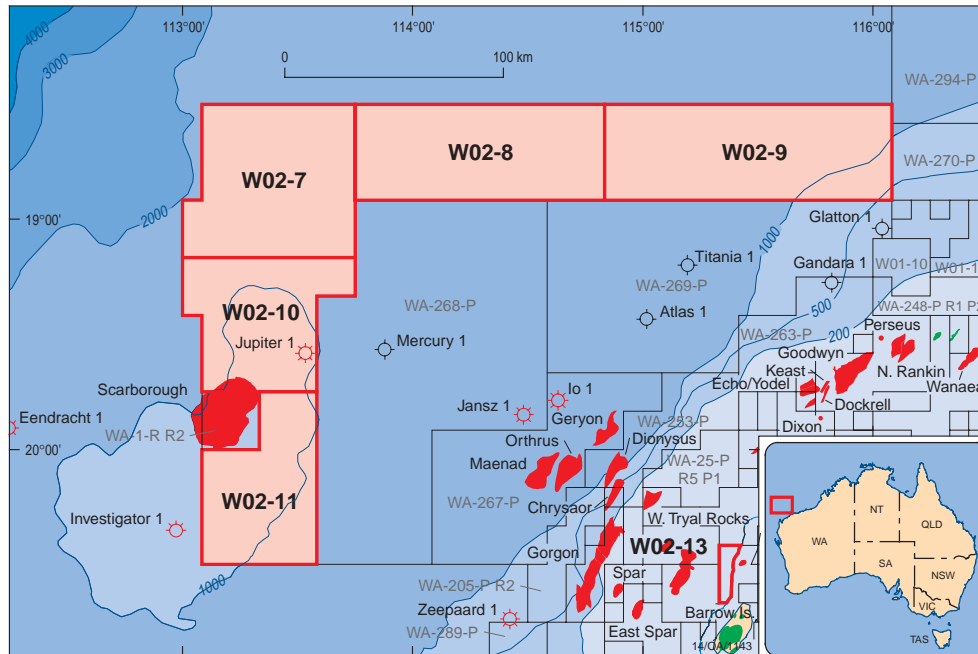
(Bids close 10 April 2003)



- Situated between the Northern Carnarvon and Browse Basins.
- No wells in the release areas, and poorly explored by North West Shelf standards.
- Thick, good quality Lower to Middle Jurassic reservoir sandstones.
- Mature, oil-prone Triassic source rocks in the Roebuck Basin.
- Special Notices apply, refer to Guidance Notes.

Areas W02-7, W02-8, W02-9, W02-10 and W02-11 Exmouth Plateau, Carnarvon Basin, Western Australia

(Bids close 10 April 2003)

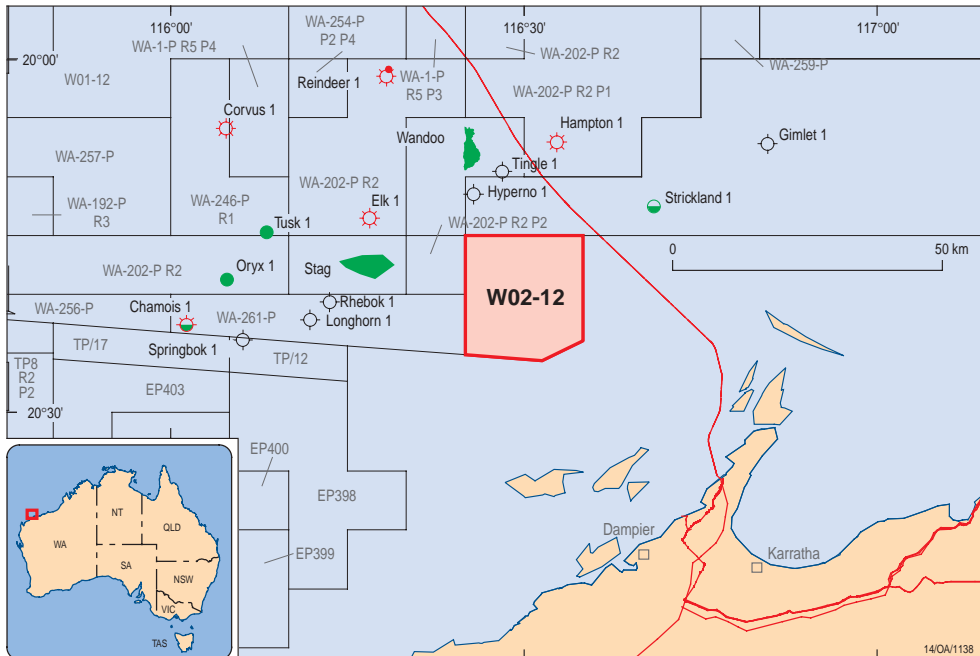


- Deep water frontier adjacent to Australia's major hydrocarbon producing basin.
- Giant gas discoveries, proven accumulations in Triassic and Cretaceous reservoirs.
- Large, undrilled structures observed on seismic data.
- Special Notices apply, refer to Guidance Notes.

Area W02-12

Dampier Sub-basin, Carnarvon Basin, Western Australia

(Bids close 24 October 2002)

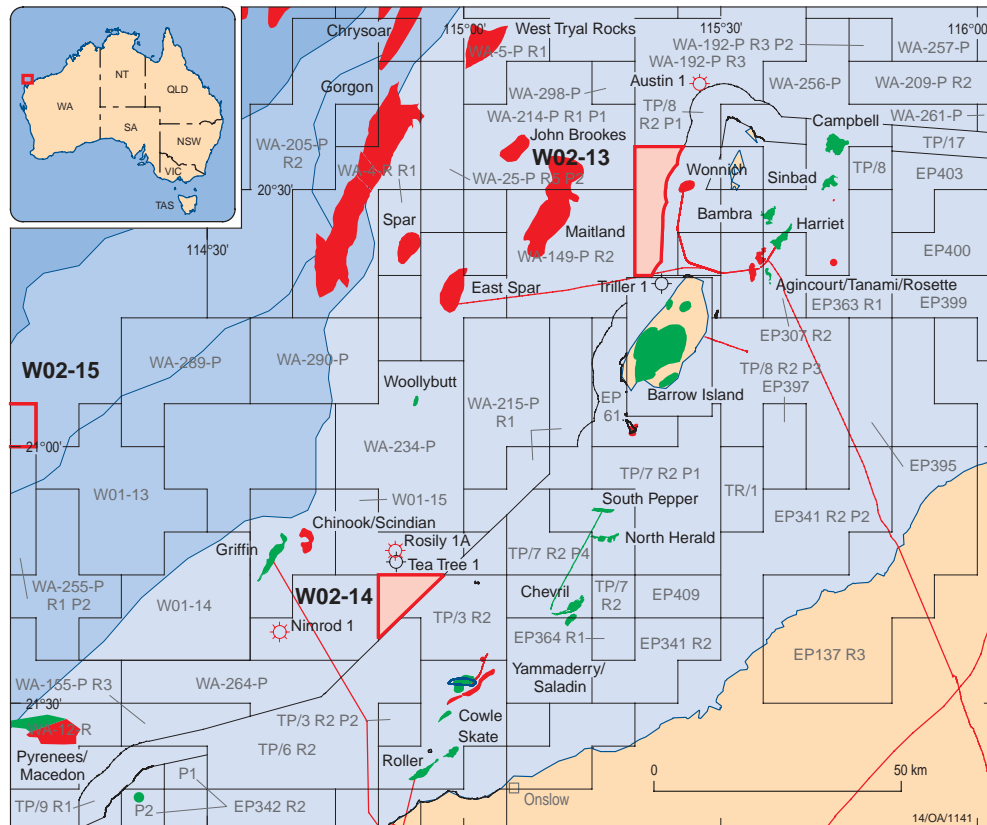


- Excellent address - adjacent to Stag and Wandoo oil fields.
- Close to infrastructure.
- Shallow water depth (50 metres or less).
- Shallow target depths (basin margin).
- Proven plays from the Lower Cretaceous to the Triassic.
- Special Notices apply, refer to Guidance Notes.

Areas W02-13 and W02-14

Barrow Sub-basin, Carnarvon Basin, Western Australia

(Bids close 24 October 2002)

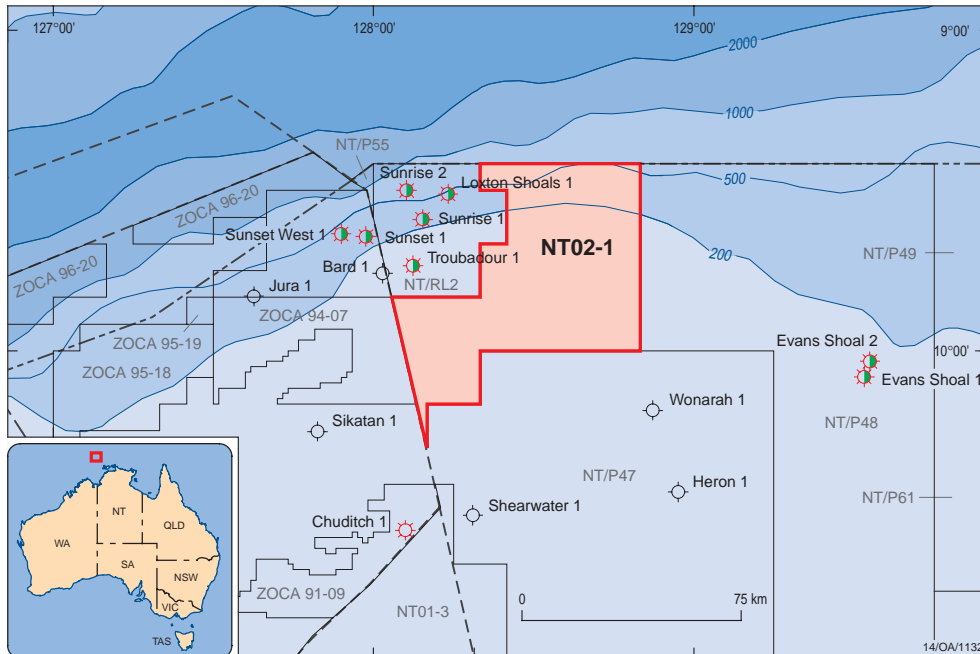


- Excellent address - adjacent to significant oil and gas fields.
- Close to infrastructure.
- Water depth less than 100 metres.
- Proven plays from the Triassic to the Lower Cretaceous.
- Special Notices apply, refer to Guidance Notes.

Area NT02-1

Sahul Platform, Bonaparte Basin, Northern Territory

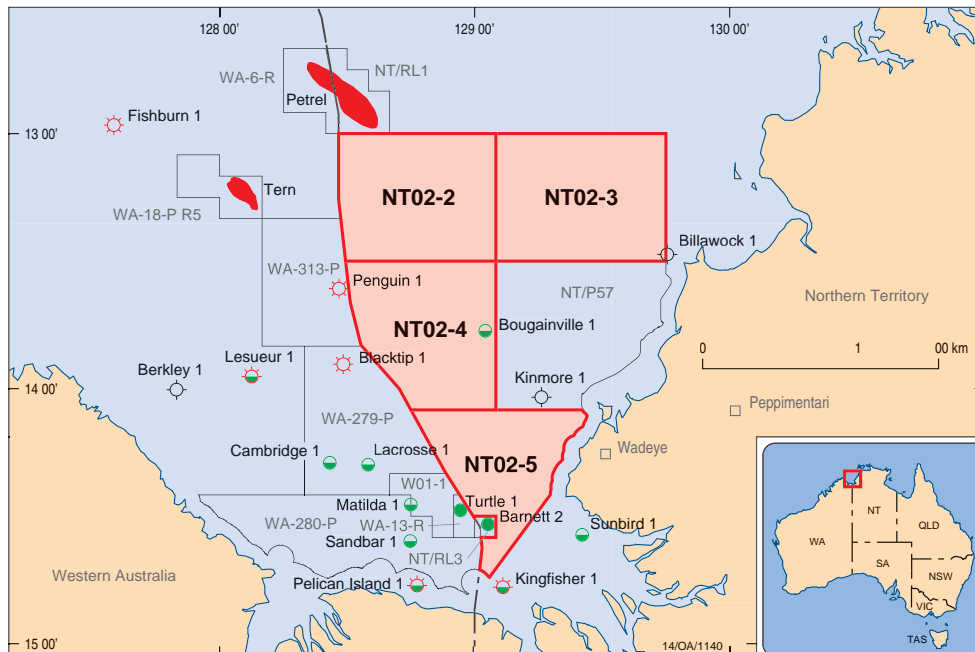
(Bids close 24 October 2002)



- Adjacent to Sunrise-Troubadour gas/condensate field, with proposed development and production to begin as early as 2005.
- Good quality Middle Jurassic reservoir (Plover Formation).
- Horst blocks plus drape and unconformity traps.
- Regional gas/condensate charge from adjacent graben, possible local oil charge.
- Generally shallow water (<200 metres), locally up to 600 metres water depth.
- Close to Darwin operations base.
- Special Notices apply, refer to Guidance Notes.

Areas NT02-2, NT02-3, NT02-4 and NT02-5 Petrel Sub-basin, Bonaparte Basin, Northern Territory

(Bids close 10 April 2003)

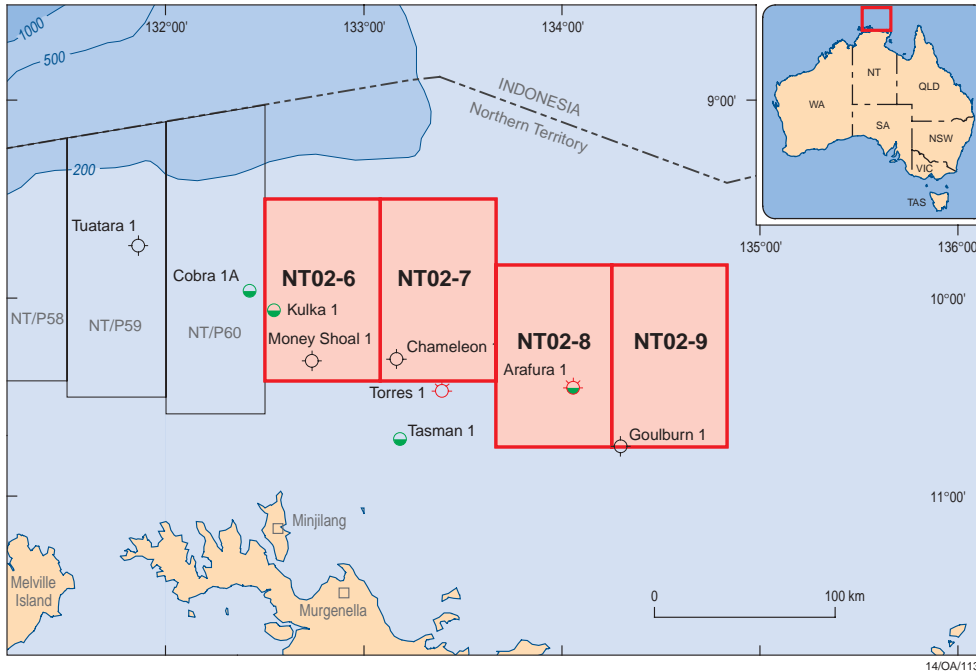


- Proven Palaeozoic oil and gas province.
- Adjacent to recent significant gas discovery at Blacktip-1 (2001).
- Close to Petrel and Tern gas, Turtle oil, Barnett oil and gas accumulations.
- Various styles of structural and stratigraphic traps.
- No well drilled in the last 30 years in the release areas.
- Shallow water (20 to 80 metres).
- Special Notices apply, refer to Guidance Notes.

Areas NT02-6, NT02-7, NT02-8 and NT02-9

Arafura & Money Shoal Basins, Northern Territory

(Bids close 10 April 2003)

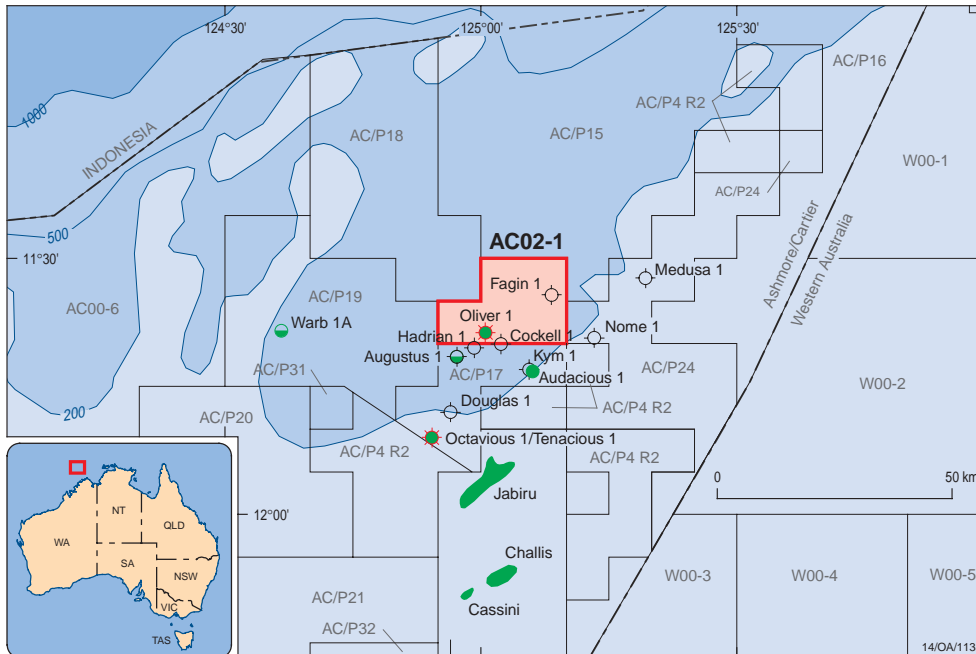


- Thick, untested Palaeozoic section north of the Goulburn Graben.
- Several oil shows in Ordovician-Jurassic units within graben.
- Numerous bitumen strandings, ALF and SAR slicks in region.
- Mature Palaeozoic source units.
- Vuggy Ordovician dolostones and Jurassic sandstone reservoirs.
- No wells drilled since 1993.
- Shallow water depths (60 to 150 metres).
- Special Notices apply, refer to Guidance Notes.

Area AC02-1

Vulcan Sub-basin, Bonaparte Basin, Territory of Ashmore & Cartier Islands

(Bids close 24 October 2002)



- Proven petroleum province, release area includes Oliver oil and gas accumulation.
- Upper Jurassic oil prone and Lower-Middle Jurassic oil/gas prone sources.
- Tilted Lower-Middle Jurassic fault blocks.
- Recent multiclient 3D seismic coverage.
- Water depth 250-350 metres.
- Special Notices apply, refer to Guidance Notes.