



# Offshore Petroleum Exploration Guideline: Work-bid

## Factsheet on the new guideline and transitional arrangements

### Overview

The *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (the Act) provides the overarching framework for petroleum exploration permits, with the associated guidelines stipulating the minimum expectations of the Commonwealth-State Offshore Petroleum Joint Authority. The guidelines, along with the Act assist explorers to lodge work-bid and other applications. This may include: variation, suspension, exemption, consent to surrender and renewal applications.

During, 2014-15, the Department of Industry and Science, including the National Offshore Petroleum Titles Administrator and in collaboration with Geoscience Australia, states/Northern Territory and industry, undertook a review of the petroleum exploration guidelines. This review aimed to eliminate duplication and provide explorers with additional flexibility, clarity and transparency when operating offshore Australia.

Three guidelines have been consolidated into a single 'Offshore Petroleum Exploration Guideline: Work-bid'. On 1 June 2015, the single guideline will replace the following existing guidelines:

- Exploration Permit Guideline: Requirements of Bid and Renewal Applications
- Exploration Permit Guideline: Assessment of Bid and Renewal Applications
- Exploration Permit Guideline: Permit Conditions and Administration.

### 1 June 2015 Transitional arrangements

■ All applications submitted after 1 June 2015 will be assessed using the new guideline. Applications lodged prior to this date will be assessed using the existing guidelines.

■ If an offer to renew a permit is made after this date, relating to an application made before 1 June 2015, the titleholder will have the opportunity to be renewed under the existing arrangements or the new three-year primary term.

■ If titleholders wish to discuss the status and options available for applications submitted prior to 1 June 2015, where advice is yet to be provided to the Joint Authority, please contact NOPTA ([titles@nopta.gov.au](mailto:titles@nopta.gov.au)).

■ Applications for work-bid exploration permits from round 2 of the 2014 acreage release closed on 7 April 2014 and were assessed using the existing guidelines. Regardless of when an offer is made in relation to this round, permits will be awarded under the existing arrangements. Once awarded, titleholders may 'opt in' to the primary guaranteed term as outlined below.

■ From 1 June 2015, existing titleholders may apply to 'opt in' to the primary guaranteed term of a three-year block by lodging a variation application with NOPTA.

- **Note:** The Joint Authority will vary all title conditions to reflect the streamlined conditions.

Further information on the guideline changes is available by contacting [petroleum.exploration@industry.gov.au](mailto:petroleum.exploration@industry.gov.au).

## Summary of key changes

The guideline retains the policy principles that are contained in the previous guidelines. However, the revised guideline builds in additional flexibility in the way titleholders can manage their permit. The following table provides a summary of the key changes:

Key change	Reference in guideline	Rationale for change
<i>Part 1: How to obtain a work bid exploration permit</i>		
<b>How to apply</b> Only one electronic and one hard copy of an application are required.	1.3	Two bound paper copies and three electronic copies on CD or USB in a text search supported format, is deemed no longer necessary and duplicative.
<b>Work program</b> The first three-years of a permit term (primary guaranteed period) are combined and the minimum work program requirements can commence and be completed at any time during the three-year period.	1.14	This change is viewed as a flexible approach for exploring in offshore areas and reduces the administrative burden on explorers.
<b>Minimum acceptable work program</b> Clarification of the expectations of exploration wells in areas that are lightly explored.	Overview and 1.23	Clarification that the minimum acceptable work program for an area will vary depending on the nature, location and size of the area and the perceived prospectivity. Bids are expected to be logical, coherent, supportable, pursuable on a dry hole basis and commensurate with the perceived prospectivity of the area.
<b>Description of the proposed work program</b> Clarification of the information NOPTA requires when assessing bids.	1.26	To improve the quality of bids and limit requests for further information. This is a time intensive component and delays the time from bid lodgement to Joint Authority decision.  Provides further transparency to industry.
<b>Clarification on the treatment of new vs existing seismic data</b> Clarification on the information NOPTA requires when assessing	1.27-1.30	To improve the quality of bids and limit requests for further information. This is a time intensive component and delays the time from bid

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bids.		lodgement to Joint Authority decision. Provides further transparency and assistance to industry.
<b>Financial capacity</b> Clarification on the information NOPTA requires when assessing bids.	1.33	To improve the quality of bids and limit requests for further information. This is a time intensive component and delays the time from bid lodgement to Joint Authority decision. Provides further transparency to industry.
<b>Past performance</b> Clarification that past performance refers to cancellations and expiries in default under the OPGGS Act in the previous five-years by the applicant, parent company where applicable and company directors.  Clarification that past performance is a separate concept to 'good standing' as it may also include international incidents.  Clarification that past performance is a criteria the Joint Authority will consider in determining a 'most deserving' applicant to offer a petroleum exploration permit to.	1.38-1.42	Confusion existed on what 'past performance' included and how the Joint Authority used past performance.
<b>Bid assessment criteria</b> Clarification and expansion of the criteria the Joint Authority will uses when assessing and ranking work program bids.  Formalisation of past performance as criteria.	1.43-1.52	To provide more information on the criteria the Joint Authority uses when determining a 'most deserving' applicant and when applicable, to rank multiple bids.  Provides industry with additional flexibility in that it emphasises the criteria is in no particular order.  To improve the quality of bids and limit requests for further information. This is a time intensive component and delays the time from bid lodgement to Joint Authority decision.

Key change	Reference in guideline	Rationale for change
		<p>Provides further transparency to industry.</p> <p>Past performance is a matter the Joint Authority currently considers. This change formalises the consideration in the published criteria per section 106 (3) of the OPGGS Act.</p>
<i>Part 2: Permit conditions and administration</i>		
<p><b>Overview</b></p> <p>Applications can be lodged at any time, but no later than 60 days prior to the end of the primary term, if structure of the primary work program is a 'block' of time, or permit year.</p>	2	<p>Previously, applications could not be lodged earlier than three-months prior to the end of the permit year. This did not provide sufficient flexibility for many explorers.</p>
<p><b>Suspensions or suspension and extensions</b></p> <p>Clarification that an application for a suspension or suspension and extension of the permit term can be made as geological knowledge (technical grounds) change.</p>	2.8	<p>This was in the previous guideline, however, this guideline emphasis the point.</p>
<p><b>Suspensions or suspension and extensions</b></p> <p>Ability to lodge an application for additional time in the event of an adverse decision by the Joint Authority that has critical implications on the forward plans.</p>	2.17	<p>As the OPGGS Act does not allow for a 'stop the clock' provisions, the guideline now highlights how this can be achieved within the current framework by applying for a suspension or a suspension and extension.</p> <p>However, it is envisaged that with applications now able to be lodged at any time, but no later than 60 days prior to the end of the primary term of permit year, that this new clause will rarely need to be used.</p>
<p><b>Suspensions or suspension and extensions</b></p> <p>Ability to apply for a 12-month suspension or 12-month suspension and extension if undertaking above commitment work that has been varied into the title and is assessed to have critical implications for the forward work plan.</p>	2.26	<p>Previously, this was only six-months and more flexibility has been provided to reflect current operating experience.</p>

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<b>Exemptions</b> A new section.	2.30	Previously, this was not addressed. This section formalises expectations and the grounds for an exemption.
<u><i>Part 3: Renewal of work program exploration permits</i></u>		
<b>Renewals</b> Now a separate section in the guideline.	3	Previously, the guidelines had bid assessment and renewal as the same process and addressed in the same section.  For clarity and because permit renewal is not a competitive process, the two have been separated. This reduces the need for explorers to refer to multiple sections.
<u><i>Part 4: Good standing</i></u>		
<b>Good standing</b> Renamed to 'Good Standing Agreement'.	Overview	Changed from 'Arrangement' to emphasise that it is an agreement between the defaulting titleholder and the Joint Authority, to address a default on a guaranteed permit condition. It means past performance will not be considered in relation to this default in the future.
<b>Good standing</b> Clarifies the policy on good standing and provides more flexibility in the way good standing agreements can be satisfied.	Overview	Previous guidelines contained limited information about the good standing policy and the process for seeking a GSA.  This information aims to assist industry to navigate the process of defaulting on a guaranteed permit condition and the process to ensure their 'standing' with the Joint Authority is maintained.  Includes a flow diagram in the Appendix.  Increased options to satisfy the GSA obligations. Options include: <ol style="list-style-type: none"> <li>1. Bid on re-release areas</li> <li>2. Sole bidder on prime acreage</li> <li>3. Regional studies</li> </ol>

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<b>Good standing</b> Added the ability to seek an extension to a Good Standing Agreement	Overview	Added the ability to seek an extension to a Good Standing Agreement