Renewal of work-bid exploration permits— standard halving rules

The *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (the Act) sets out rules relating to the standard halving rules to be applied to the number of blocks of a work-bid exploration permit when determining the maximum number of blocks to be included in an application for its renewal. Section 123 provides a basic rule, and additional rules that the basic rule is subject to: https://www.legislation.gov.au/Series/C2006A00014

Limits on renewal of my exploration permit?

The titleholder needs to consider whether their title is able to be renewed and what limits or rules (standard or modified) apply to their permit by first applying s 122.

This factsheet only relates to where the standard halving rules are applicable.

Note: If the exploration permit was granted on or after 1 January 2003, as a result of an invitation that was published after 1 January 2003, it cannot be renewed more than twice: s 122(2). For all other limits refer to s 122 and s 122A.

Standard halving rule—basic rule or additional rule?

Where the additional rules apply you can choose whether to renew under the basic rule OR any of the applicable additional rule(s). How you choose to renew (i.e. using the basic or additional rules) should be specified in your application. Titleholders should consider what impact this choice has on future renewals.

How many blocks can I include in my renewal application?

Basic rule

Firstly, you should apply the basic rule. This will depend on the total number of **non-location blocks** that you hold. The following calculations are required:

1. Determine number of location blocks—how many blocks are declared to be a location?

2. Subtract this number from the number of blocks covered by the exploration permit.

Can this residual number be divided by 2 and give a whole number?

a. **YES**—combine this whole number with the number of location blocks. This is the maximum number of blocks that can be renewed under the basic rule, with the addition of location blocks.

Example:	
Exploration permit blocks	16
Blocks declared as location	4
Residual blocks	12
Residual blocks divided by 2?	6
Combined block amounts (4+6)	10
Blocks able to be renewed	**10**

OR

b. **NO**—round the residual number to the closest number that can be divided by 4 and then halve that number. Then, combine this whole number with the number of blocks declared as a location. This is the maximum number of blocks that can be renewed under the basic rule, with the addition of location blocks.

Example:	
Exploration permit blocks	16
Blocks declared as location	5
Residual blocks	11
Residual blocks divided by 2?	No
Rounded number divisible by 4?	12
Rounded number divided by 2	6
Combined block amounts (5+6)	11
Blocks able to be renewed	**11**

After consideration of entitlement to renew under the basic rule, you must then consider if any **additional rules** in s 123 apply to your circumstances.

What effect might the additional rules have on the maximum number of blocks I can renew?

One block

An application cannot be made to renew only one block: s 123(6).

Location blocks

Any location blocks included in the permit can be added to the number of non-location blocks arrived at by the basic rule, as shown in the preceding examples: s 123(5).

Between 2 and 6 blocks

If the exploration permit covers 2, 3, or 4 (location and non-location) blocks, then you can apply under s 123(8) to renew all of the blocks. If the exploration permit covers 5 or 6 (location and non-location) blocks, then up to 4 blocks may be renewed: s 123(7).

If the exploration permit was last renewed using s 123(8) it cannot be renewed again: s 123(9).

More information

If you have any questions regarding the standard halving rules, please contact titles@nopta.gov.au.

Please note: *this document is intended as a guide only and should not be relied on as legal advice or regarded as a substitute for legal advice in individual cases.*

Version History

Version	Date	Comment
2.0	30/07/2019	Update to layout, format and links.