

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Resources, Energy and Tourism Portfolio

Additional Budget Senate Estimates

23 February 2011

Question: AR7
Topic: Exploration Permits – Drilling refusals
Proof Hansard Page: E79-E80

Senator Siewert asked:

Mr Squire—The award of exploration permits give the permittee effectively the exclusive right to apply for further approvals. So, although the award of the permit is a significant decision, BP will be required to submit themselves to further approvals—most likely, for example, an environmental referral under the Environment Protection and Biodiversity Conservation Act. They will also need to seek approval for their environment plan under the Offshore Petroleum and Greenhouse Gas Storage Act. They will be required to seek approval for their well operations management plan, which also includes approval for an oil spill contingency plan. So the award of a permit does not give the permittee a right to drill; it provides them with an exclusive right to apply for that opportunity.

Senator SIEWERT—I have heard that lots of times before. How many applications to drill have ever been refused from the company that has been granted an exploration permit? I am not talking about those that have not been taken up; I am asking how many have been refused once a company has been granted an exploration permit. You can take that on notice if you cannot answer it.

Mr Squire—Just so I understand specifically the question you are asking—you are after the number of wells for which approval has been refused to be granted?

Senator SIEWERT—Where they already had an exploration permit or a licence to explore in that particular acreage, yes.

Mr Squire—Sure, Senator, I appreciate it. I will have to take that on notice.

Answer:

An offshore exploration permit grants an exclusive right to apply for further approvals to conduct petroleum exploration operations, including the drilling of wells, under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* and if appropriate, the *Environmental Protection and Biodiversity Conservation Act 1999*.

Recognising Australia's strong offshore petroleum safety and environmental regulatory regime, and stringent objective-based legislative framework, if an application to conduct a petroleum operation is received that does not meet the requirements of the legislation, regulators will encourage the applicants to address deficiencies.

Some applications to drill wells have not been accepted initially, due to titleholders providing insufficient information to demonstrate to the satisfaction of the regulator that they have adequately reduced the risk of well operations to as low as reasonably practicable. Further information provision by the titleholder, and subsequent assessment of additional information by the regulator, has then led to the well operations management plan being accepted.

Since 1 January 2006, there have been 116 exploration permits granted in Commonwealth offshore waters, bringing the total number of offshore petroleum exploration permits to 217 (as at 15 March 2011). In the same period, there have been 439 applications to drill wells lodged with the Designated Authorities, two of which have been refused.