

GREENHOUSE GAS ASSESSMENT PERMITS
REQUIREMENTS OF BIDS AND RENEWAL APPLICATIONS

A guideline in relation to the
Offshore Petroleum and Greenhouse Gas Storage Act 2006

Prepared by the
Commonwealth Department of Industry

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This document has been developed as a general guide only. It does not replace or amend the requirements of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* and associated Regulations, which should be read in conjunction with the guideline. It is made available on the understanding that the Commonwealth is not thereby engaged in rendering legal or other professional advice. Before relying on this material in any important matter, users should carefully evaluate its accuracy, currency, completeness and relevance for their purposes, and obtain appropriate legal or other professional advice relevant to their particular circumstances. It is anticipated the guideline will be amended from time to time. The most up-to-date version of the guideline is available at: www.nopta.gov.au.

PLEASE NOTE: The National Offshore Petroleum Titles Administrator (NOPTA), on behalf of the Responsible Commonwealth Minister, is the first point of contact on all titles administration matters relating to offshore greenhouse gas storage.

PURPOSE

This guideline aims to assist potential applicants to lodge applications for work bid greenhouse gas assessment permits (permit) under Part 3.2 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (Act).

1. OVERVIEW

- 1.1 The application must be submitted to NOPTA in the approved manner, and by the deadline specified in the Australian Government Gazette notice.
- 1.2 Applicants should note that once an application is submitted, the proposed work program cannot be amended.
- 1.3 All applications will be treated as Commercial in Confidence.
- 1.4 Details of the assessment criteria are provided in the Greenhouse Gas Assessment Permits: Assessment of Bid and Renewal Applications guideline.

2. APPLICATION CONTENT

2.1 A compliant work bid application will contain the following:

- a completed application form for each release area (the approved application form can be found at: www.nopta.gov.au)
- a technical evaluation of the potential for greenhouse gas storage formations or greenhouse gas injection sites in the release area
- a six year work program consisting of a primary guaranteed work program (Years 1-3 of a permit) and a secondary work program (Years 4-6 of a permit), with a minimum indicative cost in Australian dollars for each activity proposed within each permit year
- an assessment strategy that underpins the proposed work program for the release area
- particulars of each applicant including: evidence of financial resources available to the applicant; the technical qualifications of the applicant and the applicant's employees; and technical advice available to the applicant.

3. ASSESSMENT STRATEGY & TECHNICAL EVALUATION

- 3.1 Applicants should outline an assessment strategy that has the capability to significantly advance the understanding of potential greenhouse gas storage formations or potential greenhouse gas injection sites within the release area. The strategy should be supported by a technical evaluation of the release area, and the work program proposed for the permit term.
- 3.2 The assessment strategy underpinning the work program should deliver an increased understanding of the 'fundamental suitability determinants' of potential greenhouse gas storage formations, within the release area to demonstrate the existence (or otherwise) of an 'eligible greenhouse gas storage formation' (part of a geological formation that is suitable, with or without engineering enhancements, for the permanent storage of a particular amount (at least 100,000 tonnes) of a greenhouse gas substance), see section 21 of the Act.
- 3.3 'Fundamental suitability determinants' include, but are not limited to: the amount of greenhouse gas substance that it is suitable to store; the particular greenhouse gas substance that it is suitable to store; the proposed injection point or points; the proposed injection period; any proposed engineering enhancements; and the effective sealing feature, attribute or mechanism.
- 3.4 The technical evaluation should include the concepts underlying the assessment strategy and proposed work program.
- 3.5 It is expected that an applicant will demonstrate an understanding of the potential for permanent storage of a greenhouse gas substance within the permit area. It is also suggested that this evaluation include, but not be limited to a description of:
- the data and/or information that the technical evaluation is based on
 - any geotechnical studies such as seismic interpretation or other relevant work that has been used in the technical evaluation

- consideration of the geotechnical characteristics of a geological formation for the permanent storage of a greenhouse gas substance
- consideration of data to support the monitoring of a potential future storage project that might be undertaken in the permit area.

4. WORK PROGRAM REQUIREMENTS

- 4.1 The work program proposed for the initial six (6) year term should be consistent with the applicant's technical evaluation of the area.
- 4.2 Applicants must specify the amount and type of work program activity proposed in each year of the term of the greenhouse gas assessment permit precisely, to avoid any ambiguity.
- 4.3 The work activities proposed within the first three (3) years of the permit term are guaranteed work program commitments. Work activities that cannot be guaranteed should not be included in the first three years work program.
- 4.4 The work program should contain operational activities commensurate with the applicant's technical evaluation of the area, the available data, and the perceived storage potential of the area.
- 4.5 Only operational activities proposed within the permit boundary will be considered to be a work program commitment when considering competing applications.
- 4.6 If an applicant proposes either new seismic surveying or drilling within the first two years of the work program, there is an expectation that the applicant will have made preliminary enquiries as to the availability of either a seismic vessel or drilling rig to meet these work program commitments. Evidence of these enquiries is requested.
- 4.7 The description of the proposed work program must include:
 - An overview of the activities proposed to be completed under the greenhouse gas assessment permit during the full term
 - For each of the six years of the program, explain the extent and nature of greenhouse gas storage assessment to be carried out (year-by-year explanation of activities to be undertaken)
 - Details of the nature, scope and objectives of any proposed geotechnical studies
 - The amount and type of any seismic survey that is proposed, including details of line spacing and conceptual locations. Applicants must clearly state the number of kilometres of full-fold 2D or square kilometres of 3D seismic data that will be acquired within the permit. Applicants must clearly state 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
 - Description of and the conceptual locations/targets/ total depths of any wells that are proposed.
 - Description of and the conceptual locations/targets/purpose of any other operational activities that are proposed
 - The amount and type of any proposed seismic reprocessing. Applicants must clearly state which datasets they intend to reprocess, the type of reprocessing they

intend to undertake and the number of kilometres and square kilometres of 2D and 3D seismic data, respectively, which will be reprocessed within the permit. Applicants must clearly state whether the proposed seismic reprocessing relates to the purchase/licensing of existing reprocessed data or whether new seismic reprocessing will be undertaken

- A high resolution map indicating where the activities are anticipated to be carried out in the permit area
- Overview of proposed studies relating to potential impacts on overlapping petroleum titleholders for key greenhouse gas operations proposed in the work program.

Non-Exclusive (multi-client) Seismic Data

4.8 If an applicant proposes to license non-exclusive seismic data as part of a work program, it must state whether the data is part of an existing non-exclusive seismic survey or part of a non-exclusive seismic survey that will be acquired after gazettal of the greenhouse gas assessment acreage release round.

Data existing prior to the grant of permit

- 4.9 The reprocessing and interpretation of existing data included in the technical assessment will be taken into account in assessing the relative merits of the work program proposed.
- 4.10 Reprocessing of seismic data acquired prior to permit award may form part of an applicant's proposed work program provided it does not disadvantage an applicant who has reprocessed these data as part of its pre-bid evaluation.

Data acquired after the grant of permit

4.11 An applicant may meet a proposed seismic surveying commitment by licensing an equivalent amount of non-exclusive seismic data that has been acquired within the permit after the gazettal of the greenhouse gas assessment acreage release round.

5. FINANCIAL AND TECHNICAL PARTICULARS OF THE APPLICANT

Technical Competence

- 5.1 Applicants are required to provide an overview of their technical competence to undertake the proposed work program, including, but not limited to, the technical capacity and experience of key personnel and/or details of sub-contractors.
- 5.2 Where a third party provider will be used to undertake core elements of the primary work program, evidence of conditional agreements, or similar initial consultations, should be provided.
- 5.3 Applicants should include details of its available geological and geo-engineering, reservoir and fluid flow modelling expertise, and detail any previous or proposed collaboration with research bodies.
- 5.4 Applicants should also detail any previous experience with greenhouse gas storage exploration as well as any other exploration experience.

Financial Competence

5.5 Each applicant is required to provide evidence of the financial resources available to the applicant, demonstrating that the applicant has the ability and will continue to

have the ability to have sufficient financial resources to meet the requirements of the proposed work program (refer Attachment A for a non-exhaustive list of examples).

- 5.6 This may include consideration of work program commitments in other resources (greenhouse gas or petroleum) titles in which the applicant has a financial interest
- 5.7 Details of financial resources including, but not limited to the applicants most recent:
 - Statement of Profit and Loss and Other Comprehensive Income
 - Statement of Financial Position
 - Statement of Cash Flows.

6. OTHER MATTERS

- 6.1 Applicants will be expected to take into account all relevant information and any special conditions applying in permit areas that may affect the rights of others such as environment protection, fisheries and navigation matters. Relevant information, access restrictions and details of special conditions known to government at the time of release are included in the General and Special Notices document.
- 6.2 The applicant's proposed work program should have regard to sections 27, 291 and 292 of the Act, which refer to assessing whether there is a significant risk of an adverse impact from an operational activity on an existing petroleum title.
- 6.3 An applicant should take into consideration the possible requirement for a security in section 300 of the Act.

7. FEES

- 8.1 Currently, there are no fees payable for applications for greenhouse gas assessment permits.

8. RENEWAL OF PERMITS

- 9.1 If all conditions of an assessment permit have been met, the applicant may apply to renew the permit. Applications should refer to section 293 of the Act.
- 9.2 Renewal applications must be lodged in accordance with section 308 of the Act.

Attachment A

Examples of evidence in support of funding sources may include:

- bank deposits held
- loan facilities – for example loan agreements signed by all parties or loan agreements conditional on the award of a title are acceptable not letters of intent from a loan institution
- parent company guarantee: e.g. a deed of cross guarantee or a guarantee provided by the parent company on corporate stationery is also sufficient
- other guarantee: e.g. a bank guarantee, or guarantee from an accountant's of a certified statement of an individual's capacity to fund (high net worth individuals)
- forecast cash flows - where an applicant has existing assets and those assets have proven reserves and are in production, or production is imminent (speculative cash flows, where the assets are not in production and production is not imminent, are not acceptable)
- track record of successful funding of exploration projects
- proven ability to attract farm-in partners
- proven ability to raise capital by public or private means
- letter of guarantee from capital raising entity (although arrangements with financial institutions or brokerage firms where they undertake to raise equity on a best efforts basis are not adequate evidence of funding).