



Australian Government

Australian Government response to the Senate
Economics Legislation Committee reports:

Offshore Petroleum and Greenhouse Gas Storage
Amendment (Benefit to Australia) Bill 2020

[JANUARY 2024]

Introduction

The Australian Government notes the reports by the Senate Economics Legislation Committee (the committee) in relation to the Offshore Petroleum and Greenhouse Gas Storage Amendment (Benefit to Australia) Bill 2020 (the Bill), and thanks the Committee for the work it undertook preparing its two reports from March 2021 and June 2021. The Government would also like to acknowledge the contribution that individuals and organisations made to this inquiry in preparing written submissions or appearing at the public hearing.

The Government is committed to providing an effective regulatory framework for the offshore petroleum (oil and gas) industry. This framework is based on the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGS Act). The objective of the legislation is to provide an effective regulatory framework for petroleum exploration and recovery and the injection and storage of greenhouse gas substances in offshore areas.

The Government regularly reviews and consults on offshore petroleum and greenhouse gas legislation to ensure it remains fit for purpose and aligns with changes in the industry sector and operating environment.

The OPGGS Act articulates the framework of rights, entitlements and responsibilities of governments and industry, and is objective-based.

Recommendations

The reports each included one majority recommendation that the bill not pass. The Senate voted to not proceed with the bill on 26 September 2022.

There were three additional recommendations from former Senator Rex Patrick in his dissenting reports. The Government's response to each dissenting recommendation is provided below.

Committee Report - June 2021

Recommendation 1: The terms 'good oil field practice' and 'optimal recovery' be properly defined with measurable qualities, and the Offshore Petroleum and Greenhouse Gas Storage Act be amended to reflect the definition.

The Government **does not support** this recommendation.

The Government considers that the terminology used within the OPGGS Act and its associated Regulations is adequately defined and appropriately explained.

The term 'good oil field practice' is already defined in Section 7 of the OPGGS Act:

means all those things that are generally accepted as good and safe in:

- (a) the carrying on of exploration for petroleum; or*
- (b) petroleum recovery operations.*

The Explanatory Memorandum to the Offshore Petroleum and Greenhouse Gas Storage (Resource Management and Administration) Regulations 2011 also provides context to offshore oil and gas operations, and states:

Good oilfield practice is defined in section 7 of the Act, and is generally understood as reflecting and incorporating all those practices which are generally accepted as safe, economical and efficient in exploring for and exploiting petroleum. The underlying concepts of conservation, energy efficiency and maximum ultimate recovery are included in the concept.

The term good oilfield practice is very similar to 'good production practice', which has been described as the production of crude oil or raw gas at a rate that can be sustained without adversely and significantly affecting conservation and without avoidable waste.

The Explanatory Memorandum clarifies that the purpose of the regulations is to ensure that operations in an offshore area are carried out in accordance with good oilfield practice and are compatible with the optimum long-term recovery of petroleum.

It further expresses that these Regulations assist administrators of the Act in ensuring that they are informed about all aspects of exploration, discovery, development and production or injection operations in relation to petroleum and greenhouse gas substances. This information supports the efficient management of the resources and optimising the long-term benefits to the Australian community.

Recommendation 2: The Department of Industry develop the model for assessing 'optimal recovery' and make it accessible to industry and the public.

The Government **does not support** this recommendation.

As acknowledged in the response to the preceding Recommendation, 'good oilfield practice' and 'optimum long-term recovery of petroleum' are terms already appropriately defined in the OPGGS Act and its associated Regulations.

Recommendation 3: The Department/Agency and position responsible for assessing and ensuring recovery of Australia's offshore resources is optimal should be clearly identified.

The Government **does not support** this recommendation.

The OPGGS Act outlines the functions and responsibilities of various entities, including licence and permit holders, the National Offshore Petroleum, Safety and Environmental Management Authority (NOPSEMA), the National Offshore Petroleum Titles Administrator (NOPTA), and the Joint Authorities.

NOPTA is responsible for ensuring petroleum resource management occurs within the principles of good oilfield practice. NOPTA assesses relevant applications, provides advice to the Joint Authorities and engages in ongoing compliance and performance monitoring strategies.