



**THE HON MARTIN FERGUSON AM MP**  
**MINISTER FOR RESOURCES AND ENERGY**  
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CANBERRA ACT 2600

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C11/230

The Hon John Murphy MP  
Chair – Standing Committee on Petitions  
PO Box 6021  
PARLIAMENT HOUSE  
CANBERRA ACT 2600

Dear Mr Murphy

Thank you for your letter of 26 November 2010 to the Hon Tony Burke MP, Minister for Sustainability, Environment, Water, Population, and Communities regarding a petition on oil and gas exploration in the Mentelle Basin, offshore Western Australia, which has been referred to me as the Minister responsible for this issue.

I note the concerns raised in the petition and make the following comments.

The discovery of new petroleum reserves has the potential to reduce Australian energy import dependence and increase supply certainty for the domestic energy market. However, the Government recognises the importance of balancing economic development and preserving the offshore environment.

Prior to inclusion in the release, the area in the Mentelle Basin was subject to a rigorous assessment process. This took into account the multi-use nature of the areas and the potential impact of exploration on the marine environment. This included consultation with state and Australian government agencies whose stakeholders may have an interest, including the former Australian Government Department of Environment Protection, Heritage and the Arts (now the Department of Sustainability, Environment, Water, Population, and Communities).

Concerns raised during the consultation process were taken into account by the Government in finalising areas for inclusion in the release. Details on issues specific to areas, such as marine animal migratory routes, that potential explorers need to take into account when assessing and determining how to explore an area, have been included in the release's information package.

Further, additional conditions to protect the environment may be placed on a petroleum exploration title at the time it is granted where this process identified relevant issues of environmental significance. All titleholders are required to conduct their activities in a manner that meets permit requirements.

This is in addition to the stringent environmental standards and reporting requirements set out in the legislation and associated regulations to which all petroleum exploration and development activities in Australia are subject.

No petroleum activity can occur in Commonwealth waters unless the activity complies with all relevant Government legislation and regulations. The *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGSA) provides the Regulator with the necessary powers to undertake inspections and audits of all operations to ensure and enforce compliance with good industry practice, approval conditions and other requirements.

The *Environment Protection and Biodiversity Act 1999* (EPBC Act) regulates the assessment and approval of proposed actions that are likely to have a significant impact on a matter of National Environmental Significance and requires approval by the Minister for the Environment.

The OPGGSA's Environment Regulations and the EPBC Act are very clear that a comprehensive assessment of all significant impacts on the environment must be completed before any exploration well is drilled or before any seismic line is run.

To date these systems have proven very effective, with the offshore petroleum industry operating safely and successfully in some of Western Australia's most precious marine and coastal environments including Rottnest Island, Barrow Island and areas adjacent to Ningaloo Reef.

That being said, the timeline from the inclusion of an area in an Acreage Release through to actual granting of a permit and exploration being undertaken extends over many years. In light of recent events, I am reviewing Australia's petroleum regulations and industry practice to ensure that our regulatory system is world's best practice and that we have competent and professional operators in the industry. If this review identifies additional measures that should be taken, I will move quickly to address any deficiencies in the Australian system.

If thought appropriate I can arrange for my Department to brief the Committee on the processes involved in acreage release and in approving subsequent exploration activities.

Thank you for bringing the concerns raised in the Petition to my attention. I trust this information has been of assistance to you.

Yours sincerely

Martin Ferguson