

Operational policy

Project-based development plans

Policy number 1/2014
July 2014
Version 1.03

Application

This policy relates to the following resources legislation:

- *Petroleum and Gas (Production and Safety) Act 2004*
- *Petroleum and Gas (General Provisions) Regulation 2017*

The principles outlined in this policy may also be applied to the *Petroleum Act 1923*.

Purpose

The purpose of this policy is to provide guidance and set out the principles to be followed with respect to the approval of *project-based* development plans i.e. development plans that relate to more than one petroleum lease under s.136 of the *Petroleum and Gas (Production and Safety) Act 2004*.

This policy is written to:

- reduce administrative burden on both industry and government
- allow project-based development plans to more accurately reflect the current operational practice
- increase the department's timeliness and efficiency of approving later development plans and relevant arrangements
- provide guidance and clarity to both applicants and departmental officers
- ensure that key objectives of the legislation are achieved to the maximum extent possible
- promote the purpose and objectives of the resource legislation.

The information provided in this policy **does not limit the exercising of discretion** nor does it override legislative requirements. All changes will be published through a revised version of this policy.

Background

A petroleum lease (PL) must have a development plan. The development plan allows the department to make resource management decisions and to ensure appropriate development of the lease.

Section 136 of the *Petroleum and Gas (Production and Safety) Act 2004* (P&G Act) allows that a development plan may relate to more than one petroleum lease if the leases are 'related', and also provides that when the plan is approved it will replace any development plan for the other lease.

From the Explanatory Notes that accompanied the *Petroleum & Gas (Production & Safety) Bill 2004*, it is clear that the intent of this section was that "a development plan may cover several leases that are related, or are part of the same project, and that any development plan that refers to multiple leases may replace any existing plan for a number of individual leases".

In accordance with s.136 of the P&G Act, and this policy, the department will permit project-based development plans to be submitted.

Policy determination

1. A project-based development plan submitted and approved by the department will replace any previous development plans for the included PLs.
2. To be considered a project based development plan the holder will be required to demonstrate how the petroleum leases are related. Petroleum leases may be determined to be related if:
 - the leases are part of a coordinated project under the *State Development and Public Works Organisation Act 1971*; or
 - the leases have a granted Project Environmental Authority; or
 - the leases are subject to the same relevant arrangement; or
 - the leases are operated as a single project; or
 - the leases use common processing and transmission infrastructure; or
 - the leases are geologically related; or
 - the applicant can otherwise demonstrate that the leases are related.

Important Note:

The above criteria may serve as guidance; but is not to be considered exclusive or exhaustive.

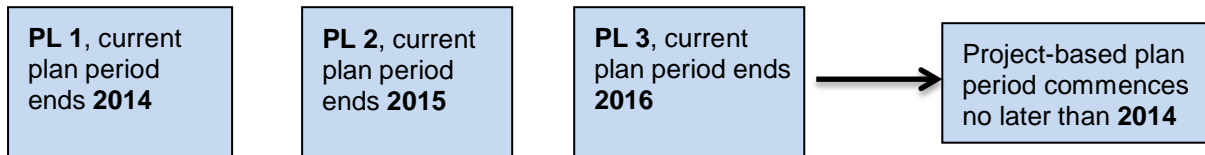
3. The project that is the subject of the project-based development plan must have a unique identifying name, which will be recorded in the *public register*. Upon approval of the project-based development plan, that approval will be noted on the public register. The date the next development plan is due will be noted on all the related PLs.
4. Additional information may be required to support a project-based development plan because the requirements of the P&G Act with respect to the content of development plans will still apply, but within the context of the broader project rather than a single PL.

A proposed project-based later development plan should also include:

- a map showing the relationships between the proposed 'project' PLs; and
 - a clear statement demonstrating how each PL will contribute to the project as a whole including:
 - the PL number;
 - projected date of production for each PL; and
 - the projected production rate from each PL.
 - identification of shared infrastructure where appropriate; and
 - information on whether it optimises production in the public interest; and
 - other information the holder considers relevant.
5. An applicant for a proposed PL may submit an initial development plan that relates to other PLs with an existing project based development plan. To be considered part of a project based development plan the holder should submit an initial development plan which meets the requirements of s.138, but also identifies, in accordance with this policy, how it is related to the other PLs and forms part of the existing project-based development plan.
 6. Upon approval of the project-based development plans, the plan period for each of the included leases is reset by the plan. Any previous plan period ceases to be relevant. Where a term expires for a particular lease in the middle of the plan period, the project-based later development plan will address this and include the necessary close-out activities. The aim is to lessen the number of later development plans that will require preparation, lodgement and approval.

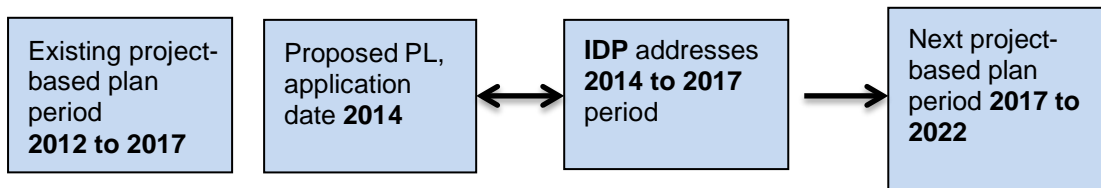
Example

Three existing leases with development plans in place are proposed to be grouped with a project-based later development plan. The current development plans for each of the leases have different plan periods, ending in subsequent years. Upon approval of the project-based development plan the new plan period will commence and replaces the remainder of the plan period for each of the existing leases. The timing of the commencement of the new plan period will not be later than the earliest end date of the existing plan periods to ensure that each PL has a development plan in place as required by s.157 of the P&G Act.



Example

There is an approved project-based development plan in place, with a current plan period from 2012 to 2017. A petroleum lease application is made, and it is the intent of the applicant to include the new lease in the existing project-based grouping. The initial development plan requirements would be provided in the context of the existing project-based development plan and therefore the plan period will equal the remaining duration of the project-based plan period.



7. Under s.42 of the *Petroleum & Gas (General Provisions) Regulation 2017* (the Regulation) the PL holder is required to lodge a petroleum production report for each 6 month period. The production report should **clearly identify the project and all relevant leases**. Similarly, the project should be identified and detailed in the petroleum reserves reports required under s.43 of the Regulation.
8. s.552A requires a holder to lodge an infrastructure report for the lease on or before 1 September of each year. The content requirements of this report are set out in s552B of the P&G Act. For leases grouped by a project-based development plan, **the infrastructure reporting can be submitted as a single report** but with reference to the individual PLs comprising that 'project-based' grouping (i.e. the infrastructure location must make reference to each particular PL).
9. Under s.158 of the P&G Act a PL holder is required to comply with the development plan for the lease. The existing provisions of the P&G Act which state the types of noncompliance action that may be taken (for example s.790 of the P&G Act) will still apply. Noncompliance action that may be taken may include the following:
 - withdrawing the approval of the project-based development plan and directing the holders to lodge a revised proposed project-based later development plan that complies with the later development plan requirements;
 - withdrawing the approval of the project-based development plan and directing the holders to lodge individual Later Development Plans for each PL that comply with the later development plan requirements;
 - requiring the relinquishment of a stated part of the area (i.e. perhaps from a particular PL that has not been brought into production as per the approved development plan), or

- requiring the relinquishment of a nominated part of the area.

These actions are all consistent with the current options for noncompliance.

Important Note:

Noncompliance action may be taken against the project as a whole or against individual PLs.

10. The department may allow project based development plans for PLs administered under the *Petroleum Act 1923* (the 1923 Act). Project based development plans that are submitted under the 1923 Act will be assessed by the department on a case by case basis having regard for the principles of this policy and the development plan requirements defined under the 1923 Act.
11. An application for transfer of a PL will need to indicate that the transferee will continue to operate under the project based development plan. If the transferee will not be operating under the project-based plan, this may be considered a significant change. If this a significant change to the activities under the current plan, under s159 of the P&G Act the transferee (once they become the PL holder) will be required to lodge a proposed later development plan as soon practicable after they propose or become aware of the change to the nature and extent of the activities under the current plan.

Important Note:

Where a PL ceases to be part of a project based development plan or a project ends, holders should assess whether this is a significant change to the nature and extent of the activities under the project based development plan.

**Executive Director
Mining and Petroleum Operations
September 2017**

Enquiries:

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Disclaimer

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