

Operational Policy

Petroleum Lease project-based development plans

MIN/2015/1319
Policy number 1/2014
30 June 2019
Version 1.04

Purpose

This policy provides 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 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 the key legislative objectives are achieved to the maximum extent possible.

The information contained in this policy does not override legislative requirements, and reflects current practices within the department. These practices may change from time to time, with all changes to be published through a revised version of this policy.

Relevant Legislation

This policy relates to the following resources legislation:

- *Petroleum and Gas (Production and Safety) Act 2004* (P&G Act)
- Petroleum and Gas (General Provisions) Regulation 2017 (the Regulation)

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

Background

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

Section 136 of the P&G Act allows a development plan to relate to more than one PL if the leases are 'related'. It 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".

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 PLs are related. PLs may be determined to be related if any of the following apply:
 - the leases are part of a coordinated project under the *State Development and Public Works Organisation Act 1971*;
 - the leases have a granted Project Environmental Authority;
 - the leases are subject to the same relevant arrangement;
 - the leases are operated as a single project;
 - the leases use common processing and transmission infrastructure;
 - the leases are geologically related;
 - the applicant can otherwise demonstrate that the leases are related.

Important Note: The above criteria are listed for guidance; but are not 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 Department's public register. Once the project-based development plan is approved, 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.

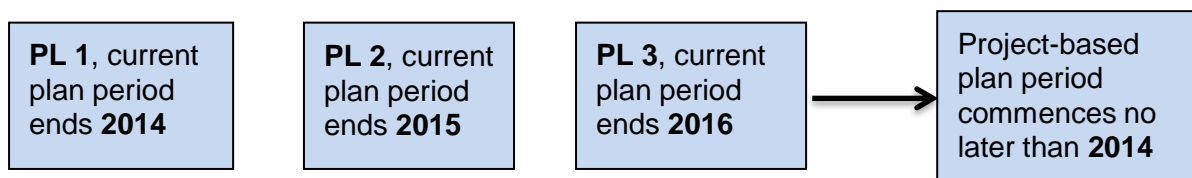
A proposed project-based later development plan should also include all of the following:

- a map showing the relationships between the proposed 'project' PLs;
 - 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;
 - 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. After the project-based development plans are approved, 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.

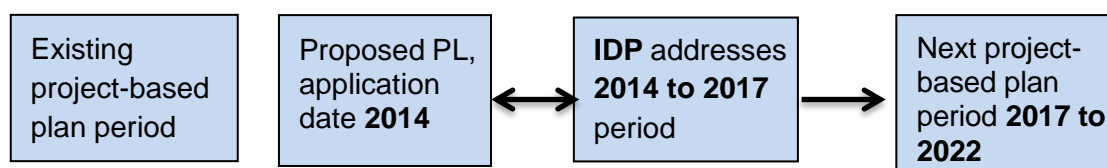
Example 1

Three existing leases with separate development plans in place are proposed to be grouped within 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 2

There is an approved project-based development plan in place, with a current plan period from 2012 to 2017. A PL application is made, and the applicant intends 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 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. 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 includes 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),
 - 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.

9. 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.
10. 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 is 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 as 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.

Availability:	External
Location	Business Industry Portal
Owner:	Georesources Division
Date of this Version	30 June 2019
Review Date	30 June 2021
Approving Authority	Deputy Director-General
Related documents	This policy should be read in conjunction with the Initial Development Plan Guideline and Later Development Plan Guideline
Contact:	For help and information contact Petroleum Hub Phone: (07) 3199 8118 Email PetroleumHub@dnrme.qld.gov.au For technical support contact the MyMinesOnline Helpdesk. Telephone: +61 7 3199 8133 Email: mines_online@dnrme.qld.gov.au 8.30am – 4.30pm (AEST) Monday to Friday on Queensland business days.

Disclaimer

The purpose of this policy is to provide a framework for consistent application and interpretation of the legislation administered by the department. Policies may be applied flexibly where individual circumstances require an alternative application of policy. Where this policy, or part of this policy, is inconsistent with relevant legislation, the legislation will prevail to the extent of the inconsistency. While this document has been prepared with care it contains general information and does not profess to offer legal, professional or commercial advice. The Queensland Government accepts no liability for any external decisions or actions taken on the basis of this document. Persons external to the Queensland Government should satisfy themselves independently and by consulting their own professional advisors before embarking on any proposed course of action.