

Operational Policy

Petroleum lease project-based development plans

MIN/2015/1319

3 March 2020

Version 1.06

Purpose

This policy provides guidance to industry about the approval of project-based development plans – that is, development plans that relate to more than one petroleum lease (PL) under section 136 of the *Petroleum and Gas (Production and Safety) Act 2004* (P&G Act).

DNRME is committed to respecting, protecting and promoting human rights. Under the *Human Rights Act 2019*, DNRME has an obligation to act and make decisions in a way that is compatible with human rights and, when making a decision, to give proper consideration to human rights. To the extent an act or decision under this document may engage human rights under the *Human Rights Act 2019*, regard will be had to that Act in undertaking the act or making the decision.

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 changes to be published through a revised version of this policy.

Background

A PL must have a development plan. Section 136 of the P&G Act provides that the development plan for a PL or a proposed PL gives detailed information about the nature and extent of activities to be carried out under the relevant lease. The development plan may also relate to another PL or proposed PL if the other lease or proposed lease relates to the relevant lease. It also provides that when the plan is approved it will replace any development plan for the other lease.

The development plan allows the department to make resource management decisions and to ensure the PL is appropriately developed.

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”.

Section 141 of the P&G Act provides that the following **development plan criteria** must be considered in deciding whether to approve a proposed development plan:

- the potential of the area of the proposed PL for petroleum production and activities;
- the nature and extent of the activities;
- when and where the activities are proposed to be carried out; and
- whether petroleum production sought under the lease will be optimised in the best interests of the State, having regard to the public interest.

Policy Determination

1. A project-based development plan submitted and approved by the department will replace any previous development plans for each PL within the project.
2. To be considered a project-based development plan the holder will be required to demonstrate to the department how the PLs are related. The following considerations will be applied in determining whether PLs are related:
 - 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 of the same relevant arrangement;
 - the leases are operated as a single project;
 - the leases use common processing and transmission infrastructure; and
 - the leases are geologically related.

The above considerations are listed for guidance and are not exclusive or exhaustive and are examples of how PLs may be assessed as being project related.

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 recorded on all the related PLs.
4. In addition to the general requirements for a proposed development plan under section 138 of the P&G Act the department requires information about the broader project rather than a single PL. Importantly, the department requires granularity for an area on where gas is planned to be produced from over the coming five year period – that is, who is producing what volume of gas and where, and the ability to track actual and forecast production. This approach facilitates the State's oversight of the optimised development of resources and making gas available to the market.

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

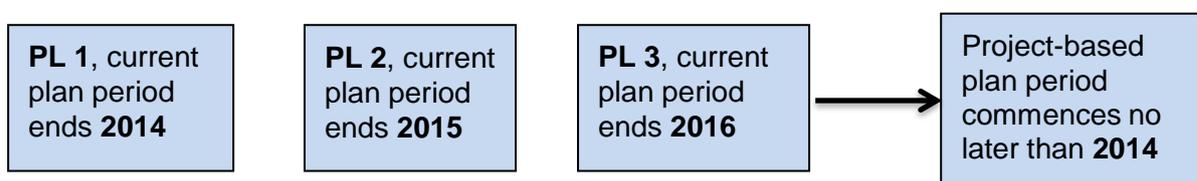
- a map showing the relationships between the proposed 'project' PLs;
 - a clear statement demonstrating how each PL will contribute to the project as a whole including:
 - the PL number;
 - projected date of production for each PL;
 - the projected production rate from each PL;
 - identification of 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 a proposed 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 a proposed initial development plan which meets the requirements of section 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.

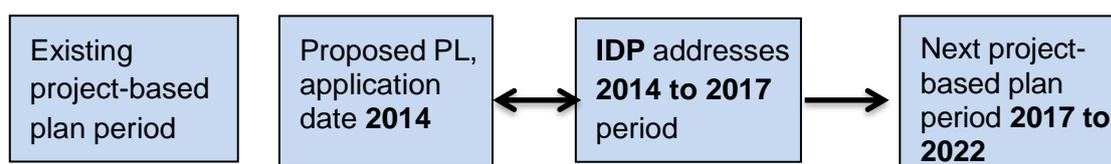
Example 1

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 section 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 section 42 of the Petroleum and Gas (General Provisions) Regulation 2017 (Regulation), the PL holder must lodge a petroleum production report for a lease for each 6-month period within 40 business days after the 6-month period ends. For a project-based development plan, it is departmental policy that a 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 section 43 of the Regulation.
8. Section 158 of the P&G Act requires a PL holder 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 section 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 proposed 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. Noncompliance action may be taken against the project as a whole or against individual PLs.

Important Note: The department encourages two-way communication between PL holders and the department in proactively addressing any issues with any aspect of a later development plan. We continue to take a reasonable approach in our interpretation of a 'significant change' in compliance reviews and are aware of the various challenges and issues that may arise in meeting the estimated forecast for a particular area.

9. The department may allow project-based development plans for PLs administered under the *Petroleum Act 1923* (the PA23). Project-based development plans that are submitted under the PA23 will be assessed by the department on a case by case basis having regard to the development plan requirements set out in Part 6, Division 2 of the PA23.
10. An application for transfer of a PL will indicate that the transferee will continue to operate under the project-based development plan. If, after a transfer is approved, the new holder proposes to significantly changing the nature and extent of an authorised activity that is not already dealt with under the current development plan for the lease, under section 159 of the P&G Act, the new holder must lodge a proposed later development plan for the project.

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	3 March 2020
Review Date	3 March 2022
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: (07) 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.