

PETROLEUM AND ENERGY LEGISLATION AMENDMENT BILL 2009

Introduction and First Reading

Bill introduced, on motion by **Hon Norman Moore (Minister for Mines and Petroleum)**, and read a first time.

Second Reading

HON NORMAN MOORE (Mining and Pastoral — Minister for Mines and Petroleum) [11.16 am]: I move —

That the bill be now read a second time.

This bill seeks to amend the state's upstream petroleum legislation, which regulates the exploration for and production of the state's petroleum resources as well as the transport of petroleum by way of pipelines. These amendments will also affect the rules and principles applying to geothermal titles in the onshore legislation. The acts proposed to be amended are the Petroleum and Geothermal Energy Resources Act 1967, the Petroleum (Submerged Lands) Act 1982 and the Petroleum Pipelines Act 1969.

Under the terms of the 1979 Offshore Constitutional Settlement, the states and the Northern Territory agreed to maintain, as far as practicable, common principles, rules and practices in the regulation of petroleum exploration and production in state waters with those of the commonwealth. This is often referred to as the common mining code. Western Australia has pragmatically also adopted the common mining code for its onshore areas. The amendments to the state's petroleum legislation now proposed by this bill reflect as far as practicable changes made to the commonwealth's petroleum legislation in recent years.

These common mining code amendments form the bulk of the bill and will enable the ranking of competitive bids received for the grant of an exploration permit; revise provisions dealing with the renewal of exploration permits—presently, permits can be renewed indefinitely and these amendments restrict the number of renewal terms to two; remove the present discretion that allows 16 or fewer graticular blocks to be renewed without relinquishment—as a transitional measure, existing permits will be allowed one further renewal without relinquishment; reduce retention lease reviews to one per five-year lease term rather than the current two reviews; allow production and pipeline licences to be granted for indefinite terms commensurate with the productive life of a field rather than for the current fixed 21-year term plus renewals; introduce infrastructure licences as a new type of title to be adopted only for offshore areas governed by the Petroleum (Submerged Lands) Act 1982 as other forms of land tenure are available onshore; introduce provisions for the management of a titleholder's geotechnical data, later public release of non-confidential elements of that data and provide for the drafting of data management regulations; enable the introduction of environmental management plans for petroleum operational activities to be controlled by regulations; reword definitions to reflect nomenclature in the commonwealth's "plain English" Offshore Petroleum and Greenhouse Gas Storage Act 2006; and dispense with the need for applications to be made in accordance with "approved forms".

Turning to the other major amendments in the bill, the existing provisions in section 67 of the Petroleum and Geothermal Energy Resources Act 1967 relating to the storage of petroleum underground have been amended to cater for carbon dioxide injection activities. These provisions have been used for the storage of natural gas at Tubridgi near Onslow and at Mondarra in the North Perth basin.

The storage amendments in the bill will enable disposal of carbon dioxide underground pending development of Western Australia's comprehensive onshore greenhouse gas storage legislation; redefine the term "petroleum" to include carbon dioxide as a separate element in the Petroleum and Geothermal Energy Resources Act 1967; further amend the Petroleum and Geothermal Energy Resources Act 1967 to provide for regulations to cater for any agreements and approvals under the storage of "petroleum" underground provisions; and extend changes to the definition of petroleum to the Petroleum Pipelines Act 1969 and Petroleum (Submerged Lands) Act 1982 to allow licensing of pipelines transporting CO₂.

On the subject of pipelines, as well as the indefinite terms for pipeline licences mentioned above, amendments to the Petroleum Pipelines Act 1969 will remove the current exemption from the requirements of the act for pipeline construction that is currently enjoyed by public authorities. The bill also amends the delegations provision to enable the minister's powers to be delegated to "any person" to align the Petroleum Pipelines Act 1969 with other Western Australian petroleum legislation.

Finally, the last major amendment is to apply a minimum royalty rate of as low as five per cent for petroleum that meets the definition of "tight gas" in the Petroleum and Geothermal Energy Resources Act. Tight gas is natural gas that is produced from reservoirs, and it requires extensive drilling and stimulation to extract gas at commercial rates. The tight-gas industry is well developed in North America and Canada but is in its infancy in Australia. Gas resources currently viewed as tight gas in the south west could potentially hold enough gas to

satisfy much of the state's needs far into the future. To encourage the development of these resources, amendments defining "tight gas" will result in an applicable range, depending on individual circumstances, of between five per cent and 12.5 per cent for royalties on projects that meet this definition.

Although these additional amendments are relatively straightforward, they are likely to be equally as important as the proposed alignments to the common mining code. I commend the bill to the house.

Debate adjourned and bill referred to the Standing Committee on Uniform Legislation and Statutes Review, pursuant to standing orders.