

[Redacted]

Dear **[Redacted]**

The **[Redacted]** is **[Redacted]**. **[Redacted]**'s member companies account for more than **[Redacted]** of Australia's **[Redacted]**. Further information about **[Redacted]** can be found on our website, at **[Redacted]**.

[Redacted] welcomes the opportunity to provide comments on the Victorian Government's draft Petroleum Regulations 2021. **[Redacted]**s comments are limited to those matters members identify as being of material impact in the interpretation and implementation of the regulations. **[Redacted]**s response to the online questions are provided at the end of this letter.

Separately, **[Redacted]** members expressed some concern regarding the draft Code of practice for the construction, operation and decommissioning of petroleum wells in Victoria. This focused on two areas:

- Relief wells
- Aquifers

These are dealt with below:

Relief wells

Section 4.8.2 identifies that a relief well must be in place. **[Redacted]** members identified that the scope of wording is too broad and is not typically a requirement for onshore wells in other jurisdictions.

This requirement is not in either the Qld or NT Code of Practice. Members regarded that given the relatively small exploration prospects of known fields in onshore Victoria, the drilling of a relief well would be overtaken by the drawdown of petroleum resource.

It was also regarded as having a high-cost impact, to the point of preventing any further exploration and development in the state.

Aquifers

Some members identified some concerns over the draft Code's definition of 'aquifer'. In **[Redacted]**s view, this should be better refined. In its current wording, we view this as potentially covering any water saturated formation at any depth. Comparable definitions from the NT and QLD Codes of Practice should be considered as alternative text. The text of those definitions is below:

QLD	NT
<p>A geological structure, formation or formations that holds water in sufficient quantity to provide a beneficial source of water that can be tapped by a bore. A saturated formation that will not yield water in usable quantities or qualities is not considered an aquifer. It is noted that based on the definition of an aquifer, a permeable hydrocarbon bearing zone may also be defined as an aquifer. Typically, in the area of a permeable hydrocarbon bearing zone that is being developed such a formation will not be used as a water source.¹</p>	<p>A body of rock that is sufficiently permeable to conduct groundwater and currently supplying, or potentially being able to supply, water for environmental, cultural or consumptive (stock or domestic) uses, as determined by the Northern Territory Government.²</p>

I look forward to discussing these with you at the nearest opportunity.

Yours sincerely,

[Redacted]

DRAFT – [Redacted] responses to RIS questions – Victorian Onshore Conventional Gas Exploration and Development

1. Do you believe the proposed regulations will encourage investment in the onshore conventional petroleum sector in Victoria?

[Redacted] welcomes the lifting of the conventional onshore gas moratorium, which these regulations seek to give effect to. Victoria has abundant local onshore resources. The development of these resources will help provide affordable natural gas to Victorian households and businesses.

The commercial development of these resources is a matter for individual companies. **[Redacted]** members consulted in preparation of this response identified that the regulations overall represent an improvement on previous regulations. However, as drafted they have the potential to risk limiting any real exploration or gas development. Draft wording is in some circumstances too loose and in others does not accurately reflect the situation of the industry or the way it goes about its business. Specific examples are provided in other responses.

2. Do you believe the proposed regulations adequately support community engagement and consultation?

¹ https://www.resources.qld.gov.au/_data/assets/pdf_file/0006/1461093/code-of-practice-petroleum-wellsbores.pdf, p.58

² https://depws.nt.gov.au/_data/assets/pdf_file/0011/705890/code-of-practice-onshore-petroleum-activitynt.pdf, p.113

Yes, with some modification (see response to Question 3).

3. What are your views on the proposed consultation requirements with the community and affected stakeholders in relation to notice/submissions as part of application process for authorities (e.g. retention and production titles)?

The proposed environment management plan [section 35(f)] requires the proponent to “identify community attitudes and expectations; and (ii) analyse community feedback, taking into account community concerns or expectations”.

In [Redacted]s view any community engagement on attitudes to a project development needs to be done earlier in the process, principally the titles release stage.

It would be difficult to gauge community attitudes in a statistically valid way on a project-by-project basis. Attitudinal research is only relevant where it is linked to relevant persons. Wider attitudinal research on, for example philosophical objections to fossil fuels, may be curious but not relevant to the relevant stakeholder consultation necessary for onshore projects.

[Redacted] suggests a compromise could be to use the language “Stakeholder attitudes and expectations.”

4. What are your views on the proposed consultation requirements with the community and affected stakeholders in relation to notice/submissions as part of Operation Plan?

As above.

5. What are your views on the proposed consultation requirements with the community and affected stakeholders in relation to requirements for community engagement during the life of exploration, retention and production titles (as required in the title application)?

[Redacted] members are committed to engaging with the communities in which they operate. Engaging and consulting with local communities is essential to the ongoing social license enjoyed by [Redacted] members and is critical to that continuing.

6. What are your views on the proposed consultation requirements with the community and affected stakeholders in relation to requirements to describe community engagement during operations (as required in the Operation Plan)?

7. Do you have any suggested improvements to the proposed regulations?

[Redacted]s has identified several suggested improvements to the proposed regulations. These are designed to provide greater clarity and accuracy to the intent of the regulations. These comments are attached.

8. Do you believe the proposed regulations ensure that social, economic and environmental factors are adequately considered in decision-making for grant of Exploration, Retention and Production Titles?

Each petroleum project will need to be considered on its merits, including the proposed project’s social, economic and environmental factors. Factors impacting will differ by location and by

proximity to both market and local community. Excessively prescriptive regulations will not guarantee an optimal outcome but may negatively impact the prospect of a project proceeding. Regulations should continue to provide for appropriate flexibility in how to deliver objectives against social, economic and environmental factors.

9. Do you believe that the proposed regulations ensure that social, economic and environmental factors are adequately considered in decision-making for Operation Plan approval/variation and authority surrender?

Section 22 requires an Operation Plan to provide “comprehensive” description of the equipment, facility and task to be undertaken. In our view, the term is open to interpretation. Removing the term “comprehensive” or providing additional descriptors to narrow focus on what information is required would be useful.

10. Are the proposed operation plan requirements to manage risks and impacts likely to be effective specifically as they relate to environment management plans, well operation management plans, code of practice of well operations management and rehabilitation plans?

Section 23 (e) requires some clarification. The Notice of operations is required to be issued prior to submission of the Operation Plan. Clarification of what ‘form’ is acceptable and an approval timeline would be useful in providing guidance to the Operator, as this information is required prior to submitting the Operation Plan for approval.

11. Are the proposed information and reporting requirements likely to be effective specifically as they relate to progress against a work program?

Nil response.

12. Are the proposed information and reporting requirements likely to be effective specifically as they relate to rehabilitation undertaken and changes in liability?

Section 33(b) states that an environment management plan must contain an implementation strategy that specifies why the controls, specific systems, practices and procedures to eliminate or minimise risks and impacts have been adopted, whether other measures were considered but not adopted and the reasons why.

Legacy risk assessments do not record reasoning behind measures that were not adopted and reasons why. There are no objective criteria for not adopting certain measures. Guidance on what criteria will be taken into account and why would be useful.

13. Are the proposed information and reporting requirements likely to be effective specifically as they relate to results of monitoring undertaken?

Section 33(k) provides that environment management plan must contain an implementation strategy in relation to groundwater impacts of the petroleum operation, and specifically that:

- (iii) if a well is to be drilled, identifies the method by which the holder of the authority will establish the baseline water quality before drilling commences; and

- (iv) identifies the groundwater monitoring methodology, including the frequency of the monitoring and the parameters to be monitored prior to and during the petroleum operation; and
- (v) identifies a reporting schedule for the holder of the authority to report to the Minister in relation to any monitoring identified in subparagraph (iv).

Members have noted that if there are not existing water bores in the area, this clause requirements (iii), (iv) and (v) will be difficult and costly to comply with. Guidance on Government expectations in relation to this point would be appreciated.

14. Are the proposed information and reporting requirements likely to be effective specifically as they relate to community engagement undertaken?

Nil response

15. Are the proposed information and reporting requirements likely to be effective specifically as they relate to operational activities?

Answer 12 above.

16. Are the proposed information and reporting requirements likely to be effective specifically as they relate to incidents?

Section 45(2) states that the holder of an authority under which a petroleum operation is carried out must notify the Minister of a reportable incident within 2 hours. Members have noted this is not aligned with OHS requirements which allows for "without reasonable excuse" to allow for such things not safe to do so, eg. dealing with incident. It is proposed this be amended to the 2011 Petroleum Regulation wording "as soon as practicable".

Section 45(3)(b)(i) states that the material facts and circumstances, including any likely root cause, of the reportable incident that the holder of the authority knows or is able, by reasonable search or enquiry, to find out. **[Redacted]** members expressed concern that identifying the likely root cause of a reportable incident within a 2-hour timeframe is unlikely to be practicable. It is suggested this be removed and replaced with more general wording.

Section 45(4) states that the holder must submit a written report to the Minister containing the information specified in subregulation (3)(b) within three days of the reportable incident. **[Redacted]** members recommend the written report be regarded as a preliminary report, and reflected in the regulations as such.

17. Are the proposed information and reporting requirements likely to be effective specifically as they relate to geological data?

Nil response.

18. Do you believe that the new regulations will provide a clear and effective administrative framework that facilitates petroleum development activities?

Nil response.

Attachment 1: Suggested changes/action for the draft Petroleum Regulations 2021

Document/Reference	Issue	Suggested Change/Action	
Draft Regulations 2021			
1 (1) (a) 1 (1) (b)	(a) to provide for the <u>elimination</u> and minimisation, so far as is reasonably practicable, of the environmental, public amenity and safety hazards and risks involved in undertaking petroleum operations over the life of those operations; and (b) to provide for the <u>elimination</u> and minimisation, so far as is reasonably practicable, of impacts from petroleum operations on local communities	Use of “elimination” is impracticable and not supported by the Petroleum Act	Remove “elimination”
22 (1) (a) (i) 22 (1) (a) (ii)	(1) For the purposes of section 161(1)(d) of the Act, an operation plan— (a) must set out— (i) a <u>comprehensive</u> description of the equipment and facilities to be used in the petroleum operation; and (ii) a <u>comprehensive</u> description of the petroleum operation...	Use of “comprehensive” is too open to interpretation	Remove “comprehensive”

<p>23 (e) – statement approved by Minister</p>	<p>(e) a statement, in a form approved by the Minister, setting out the function and purpose of an operation plan;</p>	<p>The Notice of operations is required to be issued prior to submission of the Operation Plan. What is the “form”? When does the Minister approve? The Operator needs to know this prior to submitting the Operation Plan for approval</p>	<p>Remove requirement or provide the “statement form” and align with Operation plan submission timing</p>
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<p>24 (1) (a) 24 (1) (b)</p>	<p>(1) For the purposes of section 161(1D) of the Act, the following are prescribed factors— (a) whether the Minister is satisfied that the holder of the authority will implement effective rehabilitation measures for the petroleum operation; (b) whether the Minister is satisfied that the holder of the authority will consult effectively with the relevant person or organisation over the life of the petroleum operation;</p>	<p>For these prescribed factors there are no objective criteria for the Minister to be satisfied with</p>	<p>Provide objective criteria</p>
<p>33 (b)</p>	<p>An environment management plan must contain an implementation strategy that— (b) specifies why the controls, specific systems, practices and procedures to eliminate or minimise risks and impacts have been adopted, whether other measures were considered but not adopted and the reasons why; and</p>	<p>Legacy risk assessments do not record reasoning behind measures that were not adopted and reasons why. There are no objective criteria for not adopting certain measures.</p>	<p>Provide guidance paper Eg. Does DJPR consider it acceptable for a company to state that there were no measures considered and not adopted?</p>

<p>33(k)</p>	<p>An environment management plan must contain an implementation strategy that— (k) in relation to groundwater impacts of the petroleum operation— (i) assesses the risks and impacts to the groundwater environment from the petroleum operation; and (ii) identifies how these risks and impacts to groundwater will be mitigated; and (iii) if a well is to be drilled, identifies the method by which the holder of the authority will establish the baseline water quality before drilling commences; and (iv) identifies the groundwater monitoring methodology, including the</p>	<p>If there are not existing water bores in the area, this clause requirements (iii), (iv) & (v) will be difficult and costly to comply with</p>	<p>What are the expectations? Provide guidance paper</p>
	<p>frequency of the monitoring and the parameters to be monitored prior to and during the petroleum operation; and (v) identifies a reporting schedule for the holder of the authority to report to the Minister in relation to any monitoring identified in subparagraph (iv).</p>		

35(1)(g)	(1) For the purposes of regulation 34(d), the environment management plan must— (g) provide for, and set out the mechanism for, consultation, during the life of the petroleum operation, regarding the holder of the authority’s environmental performance— (i) with any relevant Commonwealth and Victorian Government agencies; and (ii) other relevant person or organisations.	Repeat of 33(h)	Remove clause
45(2) Incident reporting	(2) The holder of an authority under which a petroleum operation is carried out must notify the Minister of a reportable incident within 2 hours—	Not aligned with OHS requirements which allows for "without reasonable excuse" to allow for such things not safe to do so, eg. dealing with incident.	Use 2011 Petroleum Regulation wording "as soon as practicable"
45(3)(b)(i)	(3) A notification under subregulation (2) must— (a) be given orally; and (b) contain any information that is available at the time of the notification regarding— (i) the material facts and circumstances, including any <u>likely root cause</u> , of the reportable incident that the holder of the authority knows or is able, by reasonable search or enquiry, to find out; ...	Providing a root cause within 2 hours is not practicable and has the potential to be misleading and possibly self-incriminate an individual or company	Remove requirement for "root cause"
45(4)	(4) Within 3 days after the holder of an authority has notified the Minister of a reportable incident under subregulation (2), the	Report should be considered preliminary	Change to "submit a preliminary written report"
	holder must <u>submit a written report</u> to the Minister containing the information specified in subregulation (3)(b).		

Code of Practice			
4.8.2 - Relief well plan	A relief well plan is in place	Scope of wording unspecified and too broad. -Not typically a requirement for onshore wells and not in Qld or NT Code of Practice. -For the relatively small exploration and known fields in onshore Victoria the petroleum would be depleted before a relief well could be drilled. -Dependant on scope the cost impact of this requirement could prevent any further exploration or other petroleum development in Victoria.	Remove requirement or provide a guide on the scope
4.14.2	All aquifers are isolated from each other and any permeable hydrocarbon bearing zones by a minimum of two barriers (as defined in section 4.1)	Clause is a “Means of compliance” but is not always practicable. One barrier between aquifers is often specified (e.g. NT Code of practice).	Move to “Good industry practice”. Consider using “Where possible” to start the sentence. Include a specific reference back to section 4.1.2 (m) which provides for this. Consider changing requirement to one barrier between aquifers.
4.14.2	Cement plug requirements and verification methods of this Code also consider the following: (i) Where practicable cement the inner casing string to surface while noting the	This appears to have been brought across from original CSG requirements from Qld and from NSW. Not practical for deeper conventional wells.	Move to “Good industry practice”.

	recommended maximum plug length and include a surface cement plug.	MOC (Meaning mandatory?) but then talks about where practicable.	
4.15.2 wellhead tests every 6 mths	Wellheads are tested every 6 months	No specific detail. Is this gas testing, valve testing or full internal void testing If latter, frequency to be at least 12 months	Specify test scope is for external gas test only
4.15.2 wellhead tests every 6 mths	Wellheads are tested within 48 hours of a major maintenance	Major maintenance is not defined As above	Specify test scope is for external gas test only
4.2.3 collapse safety factor	Axial collapse safety factor	term 'axial collapse' should be 'axial compression'	Change to "axial compression"
4.2.3 (i) pressure test	Pressure tests to verify casing integrity to: (i) be greater than the maximum anticipated surface pressure if the well is voided to reservoir fluid, allowing for possible leak off at the previous casing shoe;	Convolutd wording and confusing	Re-word
4.5.2(iii)	To prevent interconnection between zones of differing pressure and water quality: (iii) Where cement is not brought to surface during well construction, two adjacent cement barriers across all aquifers are provided during well decommissioning, as detailed in the well decommissioning section of this Code.	This wording appears to allow 2 x annulus cement jobs across an aquifer to be considered as sufficient or required for permanent abandonment barriers. This does not necessarily meet the intent of "restoring the caprock" as per Figure 2. If the two adjacent cement barriers are annulus cement additional plugs inside casing may still be required; Plugs across impermeable formations above and below the aquifer, rather than across the aquifer, actually provide the isolation required.	Re-word

4.11.3	Conduct annular casing pressure management in accordance with API recommended Practice 90-2 Annular Casing Pressure Management for Offshore Wells	Incorrect reference API RP 90-2 is for onshore wells	Change “offshore” to “onshore”
Appendix 2	ISO 16530-2	ISO 16530-2	Remove reference
		The standard has been withdrawn.	
Appendix 2	API RP59	API RP59 Referenced twice	Correct