



**Australian Government**  
**Department of Industry,  
Science and Resources**

# Guideline: Offshore petroleum exploration - work-bid

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In relation to the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*

Effective 2 March 2022

This document has been developed as a general guide only. It is subject to, and does not replace or amend the requirements of, the [Offshore Petroleum and Greenhouse Gas Storage Act 2006](#) (OPGGS Act) and associated regulations, which should be read in conjunction with this guideline.

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This document has been prepared by the [Department of Industry, Science and Resources](#). It will be reviewed and updated as required.

This document is available online at [www.nopta.gov.au](http://www.nopta.gov.au).

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## Table of revisions

Date	Version	Purpose	Jurisdiction
July 2022	10	Update the new department name	Commonwealth
February 2022	9	Update to reflect amendments from the <i>Offshore Petroleum and Greenhouse Gas Storage Amendment (Titles Administration and Other Measures) Act 2021</i> . Guideline comes into effect 2 March 2022.	Commonwealth
February 2020	8	Update the new department name	Commonwealth
July 2019	7	Updated to reflect policy changes to acreage release and good standing agreements as well as process clarifications.	Commonwealth
May 2016	6	Updated to reference prior usage right requirements under the <i>Environment Protection and Biodiversity Conservation Act 1999</i>	Commonwealth
May 2015	5	Consolidating and streamlining of the Exploration Permit Guideline: <i>Requirements of Bid and Renewal Applications</i> , Exploration Permit Guideline: <i>Assessment of Bid and Renewal Applications</i> and the Exploration Permit Guideline: <i>Permit Conditions and Administration</i> into a single guideline. Wholesale re-write to improve clarity of Joint Authority expectations. Provision of additional flexibility through the primary term becoming a guaranteed three year block of time. Expanded options to satisfy a GSA.	Commonwealth
November 2011	4	Updated to reflect changes to OPGGS ACT—transfer to NOPTA. Slight Amendments to the financial requirements (paragraph 5.1.2)	Commonwealth
November 2010	3	Wholesale re-write to improve clarity of Joint Authority expectations	Commonwealth
October 2009	2	Update to reflect: <ul style="list-style-type: none"> <li>• OPGGS ACT numbering</li> <li>• Grammatical errors</li> </ul>	Commonwealth

# 1. Purpose

- 1.1 The purpose of this guideline is to provide information on the grant, administration and management of offshore petroleum exploration permits under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGGS Act). This includes providing an overview of the requirements for all relevant applications including:
- the grant of a work-bid exploration permit
  - suspension, extension, variation and exemption of permit conditions
  - renewal of permits
  - surrender of permits
  - expiries
  - cancellation of permits
  - requests to enter into a good standing agreement in the event of default.
- 1.2 This guideline also assists applicants and titleholders to understand the expectations of the Joint Authority when making decisions on applications.

## 2. Overview of an exploration permit

- 2.1 An exploration permit authorises the titleholder to explore within the permit area. Exploration activities, such as seismic and exploration drilling, can occur subject to relevant regulatory approvals. This includes acceptance of an environment plan, well operations management plan and safety case by the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA).
- 2.2 An exploration permit is awarded, subject to conditions, for an initial term of six (6) years, which may be suspended, extended and/or varied in certain circumstances. At the end of the initial term, the exploration permit may be renewed for two (2) further terms of five (5) years each. Each renewal term may be extended in certain circumstances.
- 2.3 If a petroleum discovery is made during the term of an exploration permit please refer to [Petroleum Discoveries Factsheet](#) and [Declaration of a location guideline](#) for next steps.

## 3. Legislative framework

- 3.1 The OPGGS Act governs Australia's offshore petroleum regulatory framework. It articulates the framework of rights, entitlements and responsibilities of governments and industry. The object of the Act is to provide an effective framework for petroleum exploration and recovery.
- 3.2 The legislative framework creates a regime that enables progression from exploration through to production and decommissioning.

**Note:** All legislation references in this guideline are from the OPGGS Act, unless stated otherwise.

## 4. Obtaining a petroleum exploration permit

[Part 2.2, Division 2 of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 \(OPGGGS Act\)](#)

### Overview

- 4.1. To responsibly manage resources, the Australian Government seeks to ensure applicants are capable, competent, able to responsibly manage their activities and meet all regulatory obligations.
- 4.2. The Joint Authority awards exploration permits to the applicant who proposes an exploration strategy and work program that will significantly advance the assessment and understanding of the petroleum potential of the area and who has a satisfactory record of past performance.
- 4.3. The Joint Authority, in accordance with sections 105(3)-(4), must also consider the technical advice and financial resources available to the applicant to deliver the proposed work program and the matters outlined in s 695YB of the OPGGS Act (also refer to bid assessment section below).
- 4.4. The Joint Authority recognises the essential role of operational activities (including wells and seismic) in the discovery of petroleum. However, depending on the nature of the area, an exploration well in the primary term may not place an applicant above another applicant who proposes a work program that is logical, coherent and supportable and is considered to be commensurate with the perceived prospectivity of the area.
- 4.5. The Joint Authority acknowledges the challenges of exploring in lightly-explored areas. This guideline clarifies the Joint Authority's expectation of bidding for these areas, specifically around the role of exploration wells.
- 4.6. The Joint Authority awards exploration permits subject to a set of standard conditions. If deemed appropriate, the Joint Authority may also place additional conditions on the permit - [section 99 \(1\) of the OPGGS Act](#).

### How to apply

#### Application requirements

- 4.7. To be validly made the application must:
  - be accompanied by a correctly completed and executed application form, including any information or documents required by the application form (s 104(3))
  - be submitted within the timeframe specified in the relevant [Australian Government Gazette](#) notice (gazette notice).
- 4.8. For further information on submission requirements refer to the Section 7 below and [NOPTA Forms Guidance–Petroleum](#).

## Additional information requirements

- 4.9. To ensure the greatest prospect of success, applications should be compliant with the requirements published in the gazette notice inviting applications and meet the minimum expectations of the Joint Authority, as outlined in this guideline.
- 4.10. Applicants are expected to take into account all relevant matters, such as environmental protection, defence, navigation, native title interests, fisheries and access restrictions applying in areas.
- 4.11. Applicants are expected to have obtained and submitted any other approvals necessary to allow for the potential offer of an exploration permit. This includes approval by the Foreign Investment Review Board (FIRB).
- 4.12. Once an application is submitted, the composition and timing of the proposed work program may not be amended through the submission of further information and other changes will not be accepted.

## Technical evaluation

- 4.13. The technical evaluation should summarise the applicant's understanding of the geology and petroleum potential of the release area. It should include the concepts underlying the proposed work program, with sufficient detail to support that program. A sound technical evaluation should include an assessment of relevant data and support the amount of seismic surveying and the number and conceptual targets of wells to be drilled, if applicable.
- 4.14. The technical evaluation should include, but is not limited to, a description of:
  - The applicant's assessment of the release area, including potential petroleum systems, and plays within the release area.
  - Any prospects and leads mapped within the release area, including supporting material such as images, interpreted seismic sections and horizon maps.
  - The data and/or studies the technical evaluation is based on.
  - Any geotechnical studies, seismic interpretation, mapping or any other work that has been undertaken as part of the technical evaluation.
  - How the applicant proposes to utilise any existing data over the release area, including how this data is to be utilised in the proposed work program.

## Exploration strategy

- 4.15. The exploration strategy should link the technical evaluation with the proposed work program.
- 4.16. Applicants should propose an exploration strategy that has the potential to significantly advance the assessment and understanding of the petroleum potential of the release area. The exploration strategy should support the applicant's technical evaluation of the release area and the proposed work program for the six-year permit term.
- 4.17. The exploration strategy should explain how the release area will be explored over the permit term, including how the different work program elements will investigate the plays, prospects and leads identified in the technical evaluation of the area.

## Work program

- 4.18. Proposed work program activities should be stated precisely to avoid ambiguity.
- 4.19. Work programs are divided into a 'primary' and 'secondary' term. Both of these terms are implemented via permit conditions.
- 4.20. The first three years of a work program are referred to as the **primary term**. The first three years of the permit term are combined and the minimum work requirements must commence and be completed within that primary term. This requirement is specified in the conditions of an exploration permit.
- 4.21. Once awarded, the work program commitments for the primary term become guaranteed and cannot be reduced. Work activities that cannot be guaranteed should not be included in the primary term.
- 4.22. Permit Years 4, 5, and 6 are referred to as the **secondary term**. Each year's work program becomes guaranteed upon entry and the minimum work requirements must commence and be completed within the permit year.

### *An example of a six-year work program:*

Year	Start date	End date	Activity	Indicative cost \$A
1-3	01/01/2015	31/12/2017	2,000 km <sup>2</sup> of 3D seismic reprocessing	X00,000
			2,000 km <sup>2</sup> of new 3D seismic acquisition and processing	XX,000,000
			Geophysical and geological studies including seismic interpretation	X00,000
4	01/01/2018	31/12/2018	Geophysical and geological studies including prospect and lead maturation studies	X00,000
5	01/01/2019	31/12/2019	One exploration well	XX,000,000
6	01/01/2020	31/12/2020	Geotechnical and geological studies	X,000,000

- 4.23. The proposed work program for the six-year term must be consistent with the exploration strategy and underpinned by the technical evaluation of the area.
- 4.24. The proposed work program should be regarded as significantly advancing the exploration effort.
- 4.25. The early elements of the proposed work program should be sufficient to enable the later elements to proceed and be aligned with the exploration strategy. This includes the need for the number and timing of wells to be justifiable and be supported by the number and maturity of plays, prospects and/or leads identified i.e. the work program should be pursuable on a dry hole basis.



- 4.26. Proposed work program activities should only include work that will be undertaken within the permit area. Any work, studies or reprocessing proposed outside the permit area, must be clearly differentiated.
- 4.27. Work intended to appraise a known petroleum accumulation in an area may form part of the proposed work program. However, appraisal activities must be clearly differentiated from exploration activities.
- 4.28. Work associated with a known petroleum accumulation will only be considered as exploration work if the applicant provides a sufficient rationale to support an assessment that the activity includes a significant exploration component. This rationale should be consistent with the overall exploration strategy and underpinned by the technical evaluation of the area.
- 4.29. Activities such as the preparation of environment plans, field development plans, resource certification and similar activities, are not considered to be exploration or appraisal activities, and therefore will not be assessed as part of the bid or be included on the title instrument (if awarded). These activities must be clearly differentiated.
- 4.30. The minimum acceptable work program for an area will vary depending on the size of the area, its perceived prospectivity and its location. At a minimum, it is expected that the proposed work program will contain:
- a) New operational activities, such as data acquisition and/or exploration well/s. For areas that are lightly-explored or frontier in nature, operational activities may be other activities, not necessarily exploration wells.
  - b) Reprocessing and/or geophysical and geological studies to enable a play, lead or prospect to be identified and progressed toward maturing a drillable target.
- 4.31. Where an area is fully covered by 3D seismic data, reprocessing a majority of this data may form part of the proposed work program and can be undertaken instead of acquiring new seismic data. The reprocessing would normally be expected to be from raw data or the quality controlled traces and to utilise techniques not previously undertaken on seismic data within the permit area.
- 4.32. It is expected that at least one exploration well will be proposed during the initial six-year permit term for well-explored areas with good data coverage.
- 4.33. The description of the proposed work program should include:
- a) Indicative expenditure in Australian dollars for each activity at current market value.
    - Operational activities: calculations detailing how the cost of the activities has been estimated should be provided.
  - b) The number of line kilometres of 2D and proposed line spacing and/or square kilometres of 3D seismic data that will be acquired and processed within the permit area, including:
    - Full fold numbers within the permit area.
    - A map showing the indicative location of the 2D lines or 3D survey outline. All existing seismic surveys should be identified on this map.

- If known, the parameters and methodology of the seismic acquisition and processing that will be undertaken.
- c) The amount, type and details of the applicable dataset of any new reprocessing the applicant proposes to undertake, including:
  - The number of line kilometres of 2D and/or square kilometres of 3D seismic data that will be reprocessed within the permit area clearly stated.
  - A map showing the indicative location of the 2D lines or 3D survey outline. All existing seismic surveys should be identified on this map.
  - If known, the parameters and methodology of the reprocessing that will be undertaken.
- d) The number of exploration wells proposed, including indicative plays and target play levels.
- e) The nature, scope and objectives of all proposed studies.
- f) The licensing or use of any existing exclusive or non-exclusive datasets and, if applicable, how these are proposed to be used in conjunction with any reprocessing or geophysical studies proposed in the work program.
- g) Descriptions and the conceptual locations/targets/purpose of other operational activity or surveying proposed.

## Important notes on treatment of new vs existing seismic data

- 4.34. The reprocessing and interpretation of existing data undertaken during the applicant's pre-bid evaluation will be taken into account in assessing the relative merits of the proposed work program.
- 4.35. An applicant who pre-licences multi-client data or undertakes reprocessing of pre-licensed multi-client data as part of its pre-bid evaluation and who therefore does not propose the work as part of its work program, will not be disadvantaged. As such, applicants should provide details of pre-bid evaluation work, including the extent of the work undertaken, the outcomes and how this has informed the exploration strategy and proposed work program.

### Non-exclusive seismic data: Multi-client surveys and reprocessing products

- 4.36. If an applicant proposes to licence non-exclusive seismic data, new or reprocessed, as part of a work program, it should:
- a) state whether the data is part of:
    - An existing non-exclusive seismic survey or reprocessed data volume, or
    - A planned or not-yet-completed non-exclusive seismic survey or reprocessed data project.

- b) state when the initial final processed or reprocessed data will become available for licencing.
- c) ensure that:
  - the data is in an industry standard format that is fit for purpose in meeting the objective of the work program,
  - the applicant would be able to provide information to NOPTA that demonstrates the work program obligation has been met, and
  - the data submission and release requirements can be met.

4.37. If the final processed dataset will not become available until after the closing date of bids, this will be assessed as new seismic acquisition for the purposes of the bid assessment.

## Applicant's technical and financial capacity and other matters

4.38. A decision to offer a petroleum exploration permit, must have regard to s 105(3)(a) and (4):

- whether the technical advice and financial resources available to the applicant are sufficient to:
  - i. carry out the operations and works that will be or are authorised by the permit; and
  - ii. discharge the obligations that will be imposed under the OPGGS Act, or a legislative instrument under the OPGGS Act, in relation to the permit.
- the applicant's suitability to hold an exploration permit (s 695YB).
- Any other matters prescribed by the regulations.

4.39. Applicants should include with their application any relevant information to demonstrate sufficient technical advice and financial resources available. Refer to the [Factsheet: Declarations of experience and disclosures](#) and the [Guideline: Applicant suitability](#) and section 7 below for further details on application submissions requirements, assessments and decision making against these criteria.

## Past performance

4.40. Past performance of the applicant, parent company or subsidiary company where applicable, and its directors is a factor the Joint Authority will consider during the decision making process unless the company and directors have a current Good Standing Agreement – refer to section 8 below of this guideline. This assessment relates only to the grant of a new exploration permit and is separate to assessments under s695YB.

4.41. Past performance refers to compliance matters under the OPGGS Act over the previous five years, such as cancellations or expiries in default.

4.42. Entering into a Good Standing Agreement does not offset any health, safety and/or environmental past performance record in Australia or internationally.

- 4.43. The Joint Authority may not offer an exploration permit to an applicant if the applicant's past performance indicates a history of non-compliance with permit conditions or if the applicant does not demonstrate a proven ability to significantly advance the assessment and understanding of the petroleum potential of permit areas.
- 4.44. The Joint Authority may also consider past performance when ranking multiple applicants in accordance with [section 106\(3\) of the OPGGSA](#), to determine a most deserving applicant.

## Bid assessment

- 4.45. As noted above, in deciding whether to offer the applicant a petroleum exploration permit the Joint Authority must have regard to s 105(3)(a) and (4):
- the technical advice and financial resources available to the applicant and the matters set out in Section 695YB as they apply to the applicant; and
  - any other matters prescribed by the regulations.
- Further information on application requirements is at section 7 below.
- 4.46. In deciding whether to exercise its discretion to make an offer (s 105(2)), the Joint Authority may take into consideration a broad range of factors (s 105(3)(b)). These factors may include which bid is likely to progress the most comprehensive understanding of the petroleum prospectivity of the area (see [Guideline: Applicant suitability](#) and section 7 below of this guideline).
- 4.47. Where there are multiple applicants for the grant of an exploration permit, in determining the applicant who is most deserving, the Joint Authority must have regard to the criteria in paragraph 4.49 below, in relation to the proposed primary work program.
- 4.48. Where there is a single applicant, the Joint Authority may also have regard to the criteria on paragraph 4.49 below.
- 4.49. These criteria are, in no particular order:
- a) The relevance of the proposed work program to the technical evaluation and exploration strategy.
  - b) The amount, type and timing of seismic acquisition and processing to be carried out, including parameters and methodology.
  - c) The amount, type and timing of other surveying and data acquisition to be carried out.
  - d) The amount, type and timing of seismic data to be purchased or licenced.
  - e) The amount, type and timing of seismic data reprocessing to be carried out, including parameters and methodology.
  - f) The type, scope and objectives of the geophysical and geological studies, proposed within the area and how these studies align with other work program activities and the exploration strategy.
  - g) The number and timing of exploration wells proposed and their alignment with the perceived prospectivity of the area, supporting program of geological and geophysical work and the number of proposed plays and/or mapped prospects/leads identified.

- h) The past performance of the applicant.
  - i) Significant appraisal work over previous petroleum discoveries within the area, if any.
- 4.50. If an applicant cannot be chosen on the basis of the primary work program, using the criteria above, the secondary work program will be assessed and ranked.
- 4.51. If two or more applicants are still considered to be equally deserving of the grant of an exploration permit, in accordance with [section 106\(6\) of the OPGGS Act](#) the Joint Authority may invite the applicants to make a written proposal for additional work and expenditure.
- 4.52. If an applicant is made an offer for the grant of an exploration permit and declines the offer, the Joint Authority may make an offer to the second ranked applicant, where applicable.
- 4.53. There is no penalty or disadvantage should an applicant not accept an offer by the Joint Authority.

## Refusal to grant an exploration permit

- 4.54. The Joint Authority may refuse to grant an exploration permit. The following considerations may be given significant weight when determining whether to offer a permit:
- a) Proposed work program is assessed to be inferior to that of a competing bid.
  - b) Proposed work program is assessed to be inadequate to significantly advance the exploration status of the area.
  - c) Proposed work program does not support the technical evaluation.
  - d) Joint Authority is not satisfied the applicant possesses sufficient financial resources or has access to sufficient technical advice to carry out the operations and works— including the proposed work program—authorised by the permit, in addition to other guaranteed work program commitments in other titles under the OPGGS Act the applicant and/or parent company has an interest in.
  - e) Joint Authority is not satisfied the applicant is suitable person to hold a petroleum exploration permit in Australian waters.
  - f) Joint Authority is not satisfied the past performance of the applicant in Australia or internationally.

# 5. Petroleum exploration permit conditions and administration

## Overview

- 5.1 Titleholders are expected to ensure that all obligations under the OPGGS Act, [Offshore Petroleum and Greenhouse Gas \(Regulatory Levies\) Act 2003](#) (OPGGS Levies), the associated regulations, any directions and title conditions are met at all times.

- 5.2 Titleholders must comply with the data management and reporting requirements of the [Offshore Petroleum and Greenhouse Gas Storage \(Resource Management and Administration\) Regulations 2011](#) (RMA regulations).
- 5.3 The OPGGS Act allows for a variation, suspension and/or exemption from compliance with work program condition(s). Where warranted, the Joint Authority may also grant an extension to the permit term where a condition has been suspended.
- 5.4 The Joint Authority acknowledges elements of an exploration work program or its timing may need to change as:
- a) Geological or technical knowledge is gained, requiring additional work i.e. technical grounds; or
  - b) If the timing of an activity is impacted by *force majeure* circumstances.
- 5.5 All applications are considered by the Joint Authority on a permit-by-permit basis. Therefore, a separate application must be lodged for each permit. Application forms are available on [NOPTA's website](#). Further information on application requirements is at section 7 below.
- 5.6 Applications made under [section 264 of the OPGGS Act](#) may be submitted at any time but should not be made later than 60 days before the end of the primary term or the permit year. It is the responsibility of the titleholder to ensure there is sufficient time for a decision to be made before entering the next permit year.
- 5.7 Titles that have a 'prior usage right' for the purposes of section 359 of [the Environment Protection and Biodiversity Protection Act 1999](#) (EPBC Act) will require consent from the Minister for the Environment before an extension to the permit term can be granted by the Joint Authority – refer to the '[Offshore Petroleum Guideline: Prior Usage Rights](#)' on [NOPTA's website](#).

## Applicant's technical and financial capacity

- 5.8 The OPGGS Act s 264(2AA) provides that the Joint Authority may take into account an applicant's technical advice and financial resources and any other matters the Joint Authority considers relevant when making a decision under s264(2) to vary, suspend or exempt the titleholder from permit conditions. In practice, this requires the Joint Authority to consider any matters that are relevant to the decision.
- 5.9 Applicants should include with their application any relevant information to demonstrate sufficient technical advice and financial resources are available. Refer to the [Factsheet: Financial resources](#) and the [Guideline: Applicant suitability](#) for further details on application submissions requirements, assessments and decision making against these criteria. Further information on application requirements is at section 7 below.
- 5.10 Following review of the initial information provided, the Titles Administrator and/or the Joint Authority may request further information from an applicant.
- 5.11 When determining whether an applicant has sufficient financial resources and technical advice for the purpose of making a decision on their application, the Joint Authority may consider:

- whether there has been any material change in the financial resources and technical advice available to the applicant since the title was granted or last renewed
- the impact of the application on the overall work program commitments
- where future funding proposals have previously been identified to fund work program commitments, what progress has been made to date.

## Important notes on work program commitment – seismic data and reprocessing

- 5.12 A titleholder may meet a seismic surveying commitment by licencing an equivalent amount of non-exclusive seismic data, if the final processed data becomes available after the date the permit was granted.
- 5.13 A titleholder may purchase and/or licence reprocessed seismic data to meet a seismic reprocessing work program commitment subject to the following conditions:
- a) The reprocessed data will only be accepted to the extent it meets, in part or in full, the original work program commitment.
  - b) The data must have been reprocessed after the date the permit was granted.
  - c) The reprocessing will be from raw data or the quality controlled traces.
  - d) The reprocessing must utilise techniques not previously undertaken on seismic data acquired within the permit.
- 5.14 If an applicant proposes to licence data to use in its current form, or to reprocess as part of a work program commitment, it must ensure that:
- a) The data is in an industry standard form that is for purpose in meeting the objectives of the work program.
  - b) It is able to provide information to NOPTA that demonstrates the work program commitment has been met.
  - c) The data submission and release requirements can be met.

## Work program credit

- 5.15 The Joint Authority places a standard condition on title instruments that enables the Titles Administrator, at its discretion and by written instrument, to credit activities undertaken within an earlier permit year as meeting the work program commitments of a later permit year.
- 5.16 It is the responsibility of titleholders to obtain the Titles Administrator's agreement to credit an activity to a later permit year.

## Suspension or a suspension and extension

[Section 264 and 265 of the OPGGS Act](#)

- 5.17 Titleholders may apply to suspend any of the conditions to which the permit is subject **or** apply to suspend any of the conditions to which the permit is subject together with an extension of the permit term – a ‘suspension and extension’.
- 5.18 The Joint Authority considers the work program as a whole when reviewing a suspension or suspension and extension application.
- 5.19 The Joint Authority will generally only consider a suspension with an extension of the permit term if the proposed work program for the subsequent year/s is reliant on the work to be undertaken in the suspended year i.e. the subsequent year consists of an exploration well or other operational activities.
- 5.20 If a suspension application is lodged in the final year of the permit term, the permit will remain in force until a decision is made by the Joint Authority. If the Joint Authority refuses the application, the permit will continue in force for at least two months, effective from the date the titleholder was notified of the refusal. This will ensure the titleholder has time to apply for a renewal of the permit or for the grant of a successor title prior to the expiry of the permit ([section 265A of the OPGGS Act](#)).
- 5.21 A suspension or a suspension and extension will not change the reporting date for the Annual Titles Assessment Report – refer [3.03 of the RMA regulations](#).
- 5.22 A suspension of a permit year suspends the deadline to complete a work program commitment activity or activities. A suspension only will defer the end date of the current permit year but will not alter the end date of subsequent permit years (e.g. in the example below Permit Years 4 and 5 will now run concurrently).

*An example of a 12-month suspension of Permit Year 4:*

Year	Start date	End date	Activity	Indicative cost \$A
4	10/01/2015	<del>09/01/2016</del>	2,000km <sup>2</sup> 3D seismic acquisition and processing	X,000,000
		09/01/2017	Geophysical and geological studies including interpretation	X00,000
5	10/01/2016	09/01/2017	Geophysical and geological studies including prospect maturation studies	X00,000
6	10/01/2017	09/01/2018	One exploration well	XX,000,000

- 5.23 A suspension and extension will defer the end date of the current permit year and all subsequent permit years.

*An example of a 12-month suspension of Permit Year 4 and extension of the permit term:*

Year	Start date	End date	Activity	Indicative cost \$A
4	10/01/2015	<del>09/01/2016</del>	2,000km <sup>2</sup> 3D seismic acquisition and processing	X,000,000
		09/01/2017	Geophysical and geological studies including interpretation	X00,000



Year	Start date	End date	Activity	Indicative cost \$A
5	<del>10/01/2016</del>	<del>09/01/2017</del>	Geophysical and geological studies including prospect maturation studies	X00,000
	10/01/2017	09/01/2018		
6	<del>10/01/2017</del>	<del>09/01/2018</del>	One exploration well	XX,000,000
	10/01/2018	09/01/2019		

## Force majeure circumstances

- 5.24 If the ability of a titleholder to meet a work program commitment is adversely impacted by an event that cannot be reasonably anticipated or controlled during the course of the exploration work program via experience or care (*force majeure*) the Joint Authority may approve a suspension or a suspension and extension.
- 5.25 An application for a suspension or suspension and extension on *force majeure* grounds must include substantial and compelling documentary evidence to demonstrate how the *force majeure* circumstance has adversely impacted the ability to complete the work program, and a Gantt chart showing the proposed schedule for the forward work program.
- 5.26 Commercial circumstances and common risks in the industry are **not considered** to constitute *force majeure*. These may influence the perceived commercial viability of an activity but would not normally prevent an explorer from adhering to its commitment. Such circumstances and risks may include, but are not limited to:
- avoidable delays in receiving processed/reprocessed data from contractors
  - failure to mature a drillable prospect
  - changes in oil price
  - difficulty attracting a farm-in partner
  - avoidable delays in contracting a drilling rig/seismic vessel
  - difficulty in raising capital
  - disappointing exploration results
  - the need to wait for the results of exploration work undertaken outside the permit area
  - rescheduling of appraisal/development wells ahead of exploration wells.

## Technical grounds

- 5.27 If the ability of a titleholder to meet an existing work program commitment is affected by new geological knowledge or unexpected technical challenges, the Joint Authority may approve a suspension or a suspension and extension on technical grounds.

Note: if a titleholder proposes additional work activities to address new geological knowledge or unexpected technical challenges, the Joint Authority would generally expect this work to be varied into the work program through an above-commitment work variation (see paragraphs 5.35–5.38 below).

- 5.28 An application for a suspension and extension on technical grounds must include compelling documentary evidence to demonstrate how these technical grounds have adversely impacted the ability to complete the work program, and a Gantt chart showing the proposed schedule for the forward work program.

## Variations

### [Section 264 of the OPGGS Act](#)

- 5.29 Titleholders may apply to vary any of the conditions to which the permit is subject. In submitting variation applications titleholders should note that:
- Proposed work program activities to be varied into the permit should only include work that will be undertaken within the permit area. Any work, studies or reprocessing proposed outside the permit area must be clearly differentiated.
  - If a titleholder lodges an application in the last 60 days of the primary term or the relevant permit year, the titleholder may wish to consider lodging a suspension and extension application in the event an adverse decision is made by the Joint Authority.
  - If a titleholder applies for a suspension and variation at the same time, this can be lodged as a single application on the appropriate application form.
- 5.30 A titleholder may apply for:
- *A work equivalent variation* to replace a guaranteed work activity with an equivalent work activity.
  - *An above-commitment work variation* to undertake above-commitment work that has critical implications for the assessment of the petroleum potential of the permit area.
  - *A secondary work program variation* to vary the work program conditions in Permit Years 4, 5 and 6 of an initial permit term or Permit Years 4 and 5 of a renewal term.
- 5.31 If the Joint Authority agrees to vary an exploration well out of the permit term, an exploration well is expected to be included in the primary term of the renewal program, should the titleholder elect to renew the permit.

### Work equivalent variation

- 5.32 A titleholder may apply to replace a guaranteed work program activity with an equivalent work program activity.
- 5.33 The Joint Authority will generally only agree to a variation if the proposed replacement work program activity is a similar or superior technique and the activity meets or exceeds the objective of the original work program commitment.
- 5.34 It is the responsibility of the titleholder to ensure the Joint Authority has agreed to the work equivalent variation before commencement of the work.

### Above-commitment work variation

- 5.35 If a titleholder proposes to undertake significant above-commitment work that will have critical implications for the exploration of the permit area, the Joint Authority may agree to

an above-commitment variation, to vary the work into the current permit year so that the work becomes guaranteed.

- 5.36 An application should be supported by technical evidence as to why the work program should be varied, a detailed outline of the proposed new activities, a Gantt chart showing the proposed schedule for the forward work program, and documentary evidence (such as contracts with a relevant service provider to undertake the new activities) in support of the application.
- 5.37 When considering an application for an above-commitment work variation, the Joint Authority may also agree to either a suspension or suspension and extension to enable the titleholder sufficient time to undertake the work.
- An application for a suspension or suspension and extension should be lodged with the variation application.
- 5.38 Generally in the case of an above-commitment work variation, the Joint Authority will consider up to a 12-month suspension or a 12-month suspension and extension, if supported by the circumstances of the application. However, a longer time frame may be requested and the Joint Authority will consider this on a case-by-case basis and on its merits for circumstances such as when:
- a) A titleholder has entered a permit year with a drilling commitment and is unable to mature a drillable prospect.
  - b) The proposed work is significant and assessed to have critical implications on the titleholder's forward work plans.

## Secondary work program variation

- 5.39 A titleholder may apply to vary:
- Individual permit years before entry into the relevant permit year.
  - Permit Years 5 *and* 6 before entry into Permit Year 5.
  - The *whole* secondary work program before entry into Permit Year 4.
- 5.40 An application should be supported by exploration results from the primary term or previous permit years and technical evidence as to why the work program should be varied.

## Exemptions

### [Section 264 of the OPGGS Act](#)

- 5.41 A titleholder may apply to be exempt from compliance with a work program condition. An exemption application may be made on exceptional technical or *force majeure* grounds.
- 5.42 In deciding whether to exempt a titleholder from compliance with a work program condition, the Joint Authority will consider:
- a) if the titleholder has demonstrated a significant effort to identify and assess the petroleum potential of the permit and has provided substantial and compelling documentary evidence, and
  - b) if the objective of the original work program commitment has been met.

5.43 The Joint Authority will not exempt a titleholder from an activity if the following permit years are reliant on that work being undertaken.

# Surrenders

## [Part 2.12 of the OPGGS Act](#)

- 5.44 A titleholder may apply for consent to surrender some or all of the blocks that the permit is in force over.
- 5.45 In deciding whether to consent to the surrender, the Joint Authority will consider the provisions of [section 270 of the OPGGS Act](#), including:
- a) The status of the work program – ordinarily consent will be refused before the completion of the guaranteed primary term work program commitments.
  - b) Whether the titleholder has completed all guaranteed work program commitments up to and including the permit year in which the application has been made.
  - c) Whether there are sufficient grounds in the Joint Authority’s view to warrant the giving of consent to surrender despite non-compliance with any of the criteria outlined in subsection 270(3). In determining if sufficient grounds exist for a surrender in non-compliance (subsection 270(5)), the Joint Authority may consider:
    - if the titleholder has demonstrated a significant effort to identify and assess the petroleum potential of the permit and has provided substantial and compelling documentary evidence,
    - if the objective of the original work program commitment has been met, and
    - other matters as considered relevant by the Joint Authority.
- 5.46 In undertaking its assessment, in accordance with the OPGGS Act, NOPTA consults with the [National Offshore Petroleum Safety and Environmental Management Authority](#).
- 5.47 Titleholders are expected to ensure any outstanding reports and data are lodged with the surrender application in accordance with the [RMA regulations](#).
- 5.48 If the Joint Authority gives consent to the surrender of the permit, the titleholder may, by written notice given to NOPTA, surrender the whole or part of the permit.
- 5.49 The surrender takes effect the day a notice is published in the [Australian Government Gazette](#).
- 5.50 See also – [Guideline: Offshore petroleum decommissioning](#), on NOPTA’s website.

## Expiry

- 5.51 An expiry takes effect on the day the permit ceases to be in force.
- 5.52 Titleholders are not required to lodge an application if it is intended to let a permit expire. However, titleholders may choose to notify NOPTA of this intention before the expiration date.
- 5.53 Prior to the permit expiry, the titleholder should aim to be in a position to maintain their standing with Joint Authority by ensuring that:
- a) All conditions of the title, including any work program commitments have been met.

- b) All relevant provisions of chapters 2, 4, 6 and part 7.1 of the OPGGS Act and the regulations have been complied with including the submission of all reports and data due and completion of any decommissioning obligations.
  - c) Any direction(s) given by the responsible Commonwealth Minister, NOPSEMA or the Joint Authority have been complied with.
  - d) All applicable fees, royalties and the annual titles administration levy have been paid, or appropriate arrangements have been made with NOPTA.
- 5.54 See also – [Guideline: Offshore petroleum decommissioning](#), on NOPTA’s website.
- 5.55 Where a permit expires in default of the permit conditions, the titleholders may apply for a Good Standing Agreement – refer to section 8 below of this guideline.
- 5.56 If the permit expires in default of the permit conditions and a Good Standing Agreement is not entered into, the titleholders will be recorded as having a past performance issue that will be used in the decision making process, for a period of five years, effective from the day the expiry is gazetted.
- 5.57 After the expiry of the permit, NOPTA will:
- a) Undertake a compliance check of the title. If any of the matters outlined in paragraph 5.53 above are outstanding NOPTA will contact the titleholder.
  - b) Issue a formal notice of expiry (or expiry in default) in the [Australian Government Gazette \(section 708 of the OPGGS Act\)](#).
  - c) Make an entry on the Register of Titles regarding expiry of the title ([section 471 of the OPGGS Act](#)).
  - d) Advise the titleholders in writing that the title has expired.

## Cancellation

### [Part 2.13 of the OPGGS Act](#)

- 5.58 Titleholders are expected to ensure all obligations under the OPGGS Act, OPGGS Levies Act, the associated regulations, any directions and permit conditions are met at all times. Failure to comply with any of these obligations, including work program commitments, is a ground for cancellation of the permit. See also – [Guideline: Offshore petroleum decommissioning](#), on NOPTA’s website.
- 5.59 If there is/are a ground/s for cancellation, before making a decision the Joint Authority will issue the titleholders a written notice of intention to cancel the permit, setting out the reason/s for the proposed cancellation and inviting a written submission to the Joint Authority. Titleholders will be given at least 30 days to submit matters they wish to have considered by the Joint Authority in reaching its final decision.
- 5.60 At the time of receiving a notice of intention to cancel, or earlier, titleholders may choose to submit an application to enter into a Good Standing Agreement – refer to section 8 below of this guideline.
- 5.61 Before deciding to cancel a title, the Joint Authority must consider:
- a) any submissions made by the titleholder or other relevant persons (s276(3)), and

- b) take into account any action taken by the titleholder to remove the ground(s) for cancellation, or prevent its recurrence (s275(2)(a)-(b)).
- 5.62 The titleholder(s) will be notified in writing if the Joint Authority cancels the title. A cancellation takes effect the day a notice is published in the [Australian Government Gazette](#).

## 6. Renewal

### [Part 2.2. Division 5 of the OPGGS Act](#)

#### Overview

- 6.1 A titleholder may apply to renew a work program exploration permit. Titleholders should refer to [sections 122 and 123 of the OPGGS Act](#) to determine the number of times a permit may be renewed and the maximum number of blocks that may be applied for.
- 6.2 It is the Joint Authority's expectation that the proposed work program will be supported by an exploration strategy that will significantly advance the assessment and understanding of the petroleum potential of the permit area during the five-year renewal term.
- 6.3 Titles that have a 'prior usage right' for the purposes of section 359 of the EPBC Act will require consent from the Minister for the Environment before a renewal can be granted by the Joint Authority – refer to the [Offshore Petroleum Guideline: Prior Usage Rights](#) on [NOPTA's website](#).

#### How to apply

- 6.4 An application must be made at least 90 days before the expiry of the permit. NOPTA may accept applications later than 90 days, but no later than the expiry date (s 119(3)–(4)). A form for requesting an extension of time to lodge an application for renewal is available on NOPTA's website.
- 6.5 To be validly made the application must be accompanied by a correctly completed and executed application form, including any information or documents required by the application form (s 119(2A)).
- 6.6 An application is taken to be accompanied by the documents/information specified in paragraph 6.5 above where they are given to the Joint Authority before the expiry date of the permit (s 119(2B)).
- 6.7 A renewal application should include:
  - a) a technical evaluation of the petroleum potential of the area
  - b) a work program and activities for the primary term
  - c) a work program and activities for the secondary term
  - d) an overview of compliance with the permit conditions, chapters 2, 4, 6 and part 7.1 of the OPGGS Act and the associated regulations
  - e) technical advice and financial resources available to the applicant.

6.8 For further information on submission requirements refer to section 7 below and to the [NOPTA Forms Guidance–Petroleum](#).

## Assessment Criteria

6.9 In deciding whether to offer a renewal of a petroleum exploration permit the Joint Authority must have regard to s 125(2):

- Compliance with the conditions on the permit, chapters 2, 4, 6 and part 7.1 of the OPGGS Act and the regulations
- the technical advice and financial resources available to the applicant; and
- any other matters prescribed by the regulations.

6.10 The Joint Authority may also take into consideration the proposed work program and may consult with the applicant on its adequacy before deciding to offer the renewal of the permit.

## Work program

6.11 The proposed work program for the five-year renewal term should be consistent with the exploration strategy and underpinned by the technical evaluation of the area incorporating results and findings of the previous permit term.

6.12 The early elements of the proposed work program should be sufficient to enable the later elements to proceed and be aligned with the exploration strategy. This includes the need for the number of wells to be justifiable and be supported by the number and maturity of plays, prospects and/or leads identified i.e. the work program should be pursuable on a dry hole basis.

6.13 Work intended to appraise a known petroleum accumulation in an area may form part of the proposed work program. However, appraisal activities must be clearly differentiated from exploration activities.

6.14 Work associated with a known petroleum accumulation will only be considered as exploration work if the titleholder provides a sufficient rationale to support an assessment that the activity includes a significant exploration component. This rationale should be consistent with the overall exploration strategy and underpinned by the technical evaluation of the area.

6.15 The first three years of a work program are referred to as the **primary term**. The first three years of the permit term are combined and the minimum work program commitments must commence and be completed within the primary term.

6.16 Once the permit is renewed, the primary term work program becomes guaranteed and cannot be reduced. Work program activities that cannot be guaranteed should not be included in the primary term.

6.17 Permit Years 4 and 5 are referred to as the **secondary term**. Each year's work program commitment becomes guaranteed upon entry and the minimum work requirements must commence and be completed within the permit year.



*An example of a five-year work program:*

Year	Start date	End date	Activity	Indicative cost \$A
1-3	01/01/2015	31/12/2017	2,000 km <sup>2</sup> of 3D seismic reprocessing Geophysical and geological studies including interpretation, well planning One exploration well	X00,000 XX,000,000 X00,000
4	01/01/2018	31/12/2018	1,000 km <sup>2</sup> of new 3D seismic acquisition and processing	X00,000
5	01/01/2019	31/12/2019	Geophysical and geological studies including post well evaluation and seismic data interpretation	XX,000,000

6.18 At a minimum, it is expected the proposed work program will contain:

- *New operational activities*, such as data acquisition and/or exploration well/s, in the primary work program.
- *Reprocessing and/or geophysical and geological studies* to enable a play, lead or prospect to be identified and progressed toward maturing a drillable target.

6.19 Where an area is fully covered by 3D seismic data, reprocessing a majority of this data may form part of the proposed work program and can be undertaken instead of acquiring new seismic data. The reprocessing would normally be expected to be from raw data or the quality controlled traces and to utilise techniques not previously undertaken on seismic data within the permit area.

6.20 It is expected that at least one exploration well will be proposed during the five-year permit renewal term. If a well is not proposed, technical justification should be provided in the application addressing why exploration drilling in the renewal term would not be feasible.

- If no exploration drilling was undertaken in the previous permit term, it is generally expected an exploration well will be proposed in the renewal as a work program commitment in the primary term.

6.21 Work program activities should only include work that is to be undertaken within the permit area. Any work, studies or reprocessing to be undertaken outside the permit area must be clearly differentiated.

6.22 The description of the proposed work program for the renewal term should include:

- Indicative expenditure in Australian dollars for each activity at current market value.
  - Operational activities: calculations detailing how the cost of the activities has been estimated should be provided.

- b) The number of line kilometres of 2D and proposed line spacing and/or square kilometres of 3D seismic data that will be acquired and processed within the permit area, including:
  - Full fold numbers within the permit area.
  - A map showing the indicative location of the 2D lines or 3D survey outline, including any known leads and/or prospects. All existing seismic surveys should be identified on this map.
  - If known, the parameters and methodology of the seismic acquisition and processing that will be undertaken.
- c) The amount, type and details of the applicable dataset of any new reprocessing the applicant proposes to undertake, including:
  - The number of line kilometres of 2D and/or square kilometres of 3D seismic data that will be reprocessed within the permit area clearly stated.
  - A map showing the indicative location of the 2D lines or 3D survey outline, including any known leads and/or prospects. All existing seismic surveys should be identified on this map.
  - If known, the parameters and methodology of the seismic acquisition and processing that will be undertaken.
- d) Descriptions of the prospects and leads mapped within the permit area.
  - Images, seismic sections and horizon maps should be included.
- e) The number of exploration wells to be drilled including indicative plays and target play levels.
- f) The nature, scope and objectives of any studies.
- g) The licensing or use of any existing exclusive or non-exclusive datasets and, if applicable, how these are proposed to be used in conjunction with any reprocessing or geophysical studies proposed in the work program.
- h) Descriptions and the conceptual locations targets and purpose of other operational activity or surveying proposed.

## Applicant's technical and financial capacity

6.23 The decision to offer the renewal of a petroleum exploration permit, must take into account (s125(2)(b) and (4)) whether the technical advice and financial resources available to the applicant are sufficient to:

- carry out the operations and works that will be or are authorised by the permit; and
- discharge the obligations that will be imposed under the OPGGS Act, or a legislative instrument under the OPGGS Act, in relation to the permit.

6.24 Applicants should include with their application any relevant information to demonstrate sufficient technical advice and financial resources available (refer to the [Guideline: Applicant suitability](#) and section 7 below).

## Refusal to renew an exploration permit

6.25 Section 126 of the OPGGS Act provides that the Joint Authority must refuse to renew a permit if:

- a) The Joint Authority is not satisfied with the technical advice and financial resources available to the applicant; or
- b) The Joint Authority is not satisfied compliance with the matters (if any) prescribed by the regulations; or
- c) That there has been non-compliance with permit conditions, the provisions of chapters 2, 4, 5A and 6 and part 7.1 of the OPGGS Act and/or the provisions of the regulations and if the Joint Authority is not satisfied that sufficient grounds exist to warrant the renewal.

6.26 Where the Joint Authority intends to refuse to renew an exploration permit, consultation procedures apply under [section 262 of the OPGGSA](#).

## 7. General information about applications

### Decision-making

- 7.1. The OPGGS Act provides that the decision maker must (or in some cases, may) have regard to certain suitability matters when making decisions in respect of certain applications for or in respect of petroleum titles. These include:
- the matters set out in s 695YB of the OPGGS Act;
  - the technical advice and financial resources available to the applicant;
  - any other matters prescribed by the regulations.
- 7.2. The decision maker may also have regard to any other relevant matter.
- 7.3. Where the decision maker, is not satisfied that the applicant has access to sufficient technical advice and financial resources or does not meet the suitability criteria (where relevant), the application must (or in some cases may) be refused.
- 7.4. Matters relating to the assessment of the suitability of an applicant can be found in the [Guideline: Applicant suitability](#).

### Decision-maker

- 7.5. The relevant Offshore Petroleum Joint Authority (the Joint Authority) is the decision maker on applications for the grant, renewal and surrender of petroleum exploration permits; as well as variation and suspension of, and exemption from permit conditions and the extension of permit terms.
- 7.6. Applications are assessed by NOPTA and technical advice is provided to the relevant Joint Authority.

## Related guidance, factsheets and information

- 7.7. When preparing an application the applicant should review the associated documents relevant to that application, including:
- provisions within the OPGGS Act
  - [regulations](#)
  - subject matter [guidelines and factsheets](#), in particular
    - the [Factsheet: Declarations of experience and disclosures](#)
    - the [Guideline: Applicant suitability](#)
  - [NOPTA Forms Guidance–Petroleum](#). This consolidated application guidance document covers: submission requirements and details, forms execution (signatures), notification requirements and other government considerations such as foreign investment and prior usage rights.
  - [application forms](#)

## Submission requirements

- 7.8. To be validly made all applications must:
- be in the approved form
  - be accompanied by any information or documents required by the form
  - be submitted in the approved manner; and
  - be accompanied by the application fee.
- 7.9. Applicants should also familiarise themselves with the [Factsheet: Declarations of experience and disclosures](#) and determine if a declaration or change of circumstances form is required to be submitted with an application.
- 7.10. For further information on submission requirements refer to the [NOPTA Forms Guidance–Petroleum](#).
- 7.11. For assessment timeframes see the [Joint Authority Operating Protocols](#).

## Information gathering powers

- 7.12. The Titles Administrator has powers to require applicants to provide further information about an application (s 258). Where further information is required, applicants will be notified in writing. The notice will specify the time within which the information is to be provided.
- 7.13. Failure to provide the required information may result in the Joint Authority deciding to refuse to consider the application or take any action (or further action) in relation to the application (s 258(3)).

## 8. Good Standing Agreement

### Overview

- 8.1 If a titleholder defaults on a guaranteed work program commitment, a Good Standing Agreement (GSA) is a voluntary policy mechanism available for the titleholder and their directors, to maintain 'good standing' with the Joint Authority.
- 8.2 The standing of a company and its directors is a status assigned by the Joint Authority. To be in 'good standing' means that over the previous five years the company and/or its directors has not defaulted on:
  - Any guaranteed work program commitments, or where a default has occurred, has entered into a Good Standing Agreement.
  - A Good Standing Arrangement/Agreement.
- 8.3 By entering into a GSA, the Joint Authority will not consider any default on guaranteed work program commitments in the previous five years, when determining a most deserving applicant for the award of new work-bid exploration permits. Refer to [Attachment 1](#) for a diagram outlining the process.
- 8.4 If a company and/or its directors has had two or more exploration permit cancellations or expiries in default in the previous five years and only entered into one GSA, the Joint Authority may consider the outstanding default (where no GSA was entered into) when determining a most deserving applicant for the award of new work-bid exploration permits.
- 8.5 If a defaulting titleholder chooses not to access a GSA or is deemed to be ineligible, the defaulting titleholder and parent company where applicable and all associated directors at the time of cancellation will be considered to be 'not in good standing' with the Joint Authority for a period of five years. This is effective from the day the notice of permit cancellation or expiry was published in the [Australian Government Gazette](#).
- 8.6 A GSA may only be relevant if a titleholder intends to continue petroleum exploration activities in Commonwealth waters through participation in bidding for new permits.
- 8.7 Entering into a GSA will not delay any cancellation proceedings. Where companies have applied for a GSA prior to cancellation or expiry in default, the two processes can run in parallel.
- 8.8 Regardless of a cancellation, surrender or GSA application, as long as a title remains active the regulatory requirements for the title must be met - including the submission of Annual Titles Assessments Reports (ATARs) and payment of annual levies.
- 8.9 The Commonwealth, on behalf of all Joint Authorities, maintains a 'National Standing Register'. This confidential register includes details of defaulting titleholders and whether a GSA was entered into or not, key dates relevant to the defaulting title and GSA, monetary value of the GSA, how the GSA will be discharged, and company directors.
- 8.10 The application form on NOPTA's website and the [Regional Studies Factsheet](#) provide further guidance on the information that should be submitted with a request for a GSA and the GSA process.

- 8.11 NOPTA's role is to assess GSA requests to determine if the circumstances of the work program default meet the eligibility criteria and confirm the current market value of the default. NOPTA will provide advice to the Joint Authority to inform its decision.
- 8.12 Following acceptance of the GSA value, the Commonwealth member of the Joint Authority acts as an agent for the Joint Authority to finalise the GSA terms.

## Options for satisfying a Good Standing Agreement

### Qualifying permits

- 8.13 Qualifying permits are new exploration permits resulting from bidding within two acreage release rounds, as stipulated in the executed GSA.
- 8.14 Bids must be uncontested – no other valid applications made for that release area.
- 8.15 Only completed guaranteed primary term operational activities in qualifying permits will be credited against the GSA.
- 8.16 If a bid is lodged as a joint venture, the joint venture partner subject to the GSA must demonstrate that it has expended the GSA amount in the primary term of the permit.

### Regional studies

- 8.17 Regional studies are projects of broad relevance to the Australian petroleum industry and aligned with government priorities.
- 8.18 Projects are agreed on a case-by-case basis with the Joint Authority.
- 8.19 Projects may be onshore or offshore.
- 8.20 Projects are usually completed within three years from the date of the execution of the GSA, or another timeframe as agreed by the Joint Authority.
- 8.21 Data generated from a regional study will become 'open file' in a timeframe agreed with the Joint Authority.
- 8.22 Projects acquiring new data would usually only be considered over acreage not currently being explored for oil and gas.
- 8.23 Where data collected under a regional study may inform future exploration in an area, the Joint Authority may elect to pause release of acreage for bidding in that area until data is made open file and accessible for all bidders.
- 8.24 An individual GSA can be satisfied by either qualifying permits, regional studies or a combination of both.

## Application process

- 8.25 Once a titleholder has determined it cannot meet a guaranteed work program commitment and would like to enter into a GSA, NOPTA should be notified in writing (refer to the application form on NOPTA's website).
- Companies may apply in anticipation of a default and do not need to wait for a work program deadline to have passed.

- Companies cannot apply for a GSA following the gazettal of the permit cancellation in the Government gazette.
- 8.26 Where the applicant seeks to undertake regional studies, all final projects proposals need to be submitted to the Joint Authority for consideration within three months of the company being deemed eligible for a GSA.
- 8.27 Any of the titleholders may choose not to apply for a GSA. However, if any of the titleholders do apply, all titleholders are to acknowledge and accept the eligibility criteria in paragraphs 8.32–8.34 below. Those titleholders who are party to the executed GSA are only responsible for their participating equity share.
- 8.28 A GSA request should be made on the application form on NOPTA’s website. Supporting information can be provided to outline:
- a) The titleholder’s reasons for defaulting.
  - b) The titleholder’s costings in relation to the current market value (in Australian dollars) of the outstanding work program commitments.
  - c) Any other matter(s) the titleholder(s) wish the Joint Authority to take into consideration.
- 8.29 NOPTA may request additional information and specify a timeframe that it must be provided by. Failure to provide the information in the specified timeframe may result in the GSA request being refused.
- 8.30 NOPTA will assess the request and determine if the circumstances of the work program default meet the eligibility criteria and confirm the current market value of the default.
- 8.31 NOPTA will provide advice to the relevant Joint Authority for decision.

## Criteria and eligibility

- 8.32 To access a GSA, the Joint Authority must be satisfied of matters including if the titleholder has made a significant attempt to assess the petroleum potential of the permit area. This includes all of the following:
- a) The completion of at least key seismic surveying commitment/s.
  - b) Submission to NOPTA of all documentary information, data and relevant title assessment reports, relating to the permit, in accordance with the RMA regulations or work program commitments.
  - c) Acknowledgement that all relevant seismic and well data will become ‘open file’ once the permit is cancelled or expires in default, in accordance with the RMA regulations.
  - d) Written agreement the titleholders will make a public announcement on the GSA within three months of its execution. It is the responsibility of the titleholders to provide a copy of the public announcement to NOPTA. Failure to do so may result in termination of the GSA.
    - Publicly listed companies: an ASX company announcement.
    - Private companies or international entities: notification in a major Australian newspaper and a media release on the company website, where applicable.

8.33 When assessing eligibility the Joint Authority may also take into account:

- a) If work in excess of the next ranked bidder has been completed.
- b) Work undertaken in the previous term (if the title has been renewed).
- c) The past performance of the titleholders, including the existence of and compliance with GSAs.
- d) Other matters as considered relevant by the Joint Authority.

8.34 In the instance a company and/or its directors have defaulted on a previous GSA, the Joint Authority may refuse access to a new GSA.

## Multiple titleholders

8.35 The titleholders may agree for one or more of the titleholders to transfer GSA obligations to another titleholder party to the defaulted permit. The Joint Authority and NOPTA will play no role in negotiations other than being notified of the agreed percentage of monetary obligations for each party.

8.36 The agreed percentage will be used to divide the monetary value of the GSA among those subject to the GSA. This must total 100 per cent of the value of the monetary value.

## Monetary value and non-acceptable deductions

8.37 NOPTA will establish the current market value of the defaulted guaranteed work program commitments.

8.38 The establishment of the monetary value will take into account the current market value of the outstanding guaranteed work proposed by the titleholder and any supporting information submitted by the titleholders.

8.39 Expenditure on completed guaranteed work program activities before the default permit year cannot be used to discount the value of the GSA. However, the value of any above-commitment work, as varied into the title, may be used to discount the value.

8.40 The monetary value of the GSA will be apportioned to each titleholder consistent with the agreed percentage holdings for each party to the GSA.

8.41 For the purposes of determining monetary value, non-acceptable deductions include:

- permit administration costs
- costs associated with regulatory approvals, including environmental plans
- expenditure on activities not on the work program (originally or as varied in)
- expenditure on activities undertaken outside the permit area.

## Minimum terms of a Good Standing Agreement

8.42 The Joint Authority determines the terms and conditions of a GSA on a case-by-case basis taking into account all relevant information provided.

8.43 Should the Joint Authority agree to regional studies, the studies are to be completed within three years from the date of the execution of the GSA. All information resulting from



regional studies is to be submitted to the Australian Government and will be made publically available.

8.44 Where a GSA will be discharged, in whole or part, through qualifying permits, expenditure to be credited against the GSA must be expended on operational activities within the guaranteed primary term – refer to paragraph 8.15 above:

- Operational activities for the purposes of the GSA include acquisition, processing and interpretation of new geophysical and geochemical data and/or drilling activities.
- Reprocessing of seismic data may be used if the original data was recorded after the date the qualifying permit was granted.

8.45 In accordance with the eligibility criteria (refer to paragraphs 8.32–8.34 above of this guideline), those subject to the GSA are to make a public announcement within three months from the date of the GSA and submit a copy of the announcement to NOPTA.

8.46 A GSA does not oblige bids on future acreage releases.

8.47 If those subject to a GSA fail to fulfil the GSA commitments, the entity, the directors and where relevant the parent company will be considered to be ‘not in good standing’ with the Joint Authority for a period of five years effective from the day the notice of permit cancellation or expiry was published in the [Australian Government Gazette](#).

## Satisfaction of a Good Standing Agreement

8.48 Those subject to a GSA must notify NOPTA in writing and provide supporting evidence the GSA has been satisfied according to the terms of the GSA.

8.49 Companies may be required to submit audited accounts demonstrating the required expenditure commitments have been met. Once this information has been received (and accepted) and all deliverables completed and all data delivered, titleholders will receive confirmation that the requirements of the GSA have been satisfied. The GSA record will be removed from the ‘National Standing Register’ and the past performance issue that led to the GSA will not be taken into account by the Joint Authority.

8.50 A GSA will be satisfied by fulfilment of the agreement in respect of:

- a) Qualifying permit/s: the completion of the guaranteed primary work program/expenditure of the GSA amount. The guaranteed work program expenditure may include above commitment operational activities that have been formally varied into the work program. The onus is on the GSA-holder to confirm the above commitment work will satisfy the requirements of paragraphs 5.29–5.38 above.
- b) Regional studies: the completion of the studies within the agreed timeframe (nominally three years from the date of the execution of the GSA) and the submission of all data and/or other deliverables to the Australian Government.

8.51 For the purposes of satisfying a GSA, non-acceptable expenditure includes:

- permit administration costs
- costs associated with regulatory approvals, including environmental plans
- expenditure on activities not on the work program (originally or as varied in)

- expenditure on regional studies not agreed in advance with the Joint Authority.

## Extensions

- 8.52 The Joint Authority may consider granting an extension to the timeframe in which a GSA must be satisfied, but only if the GSA-holder can demonstrate it has attempted to satisfy the GSA at every opportunity.
- 8.53 An extension to the timeframe in which the GSA must be satisfied will be considered on a case-by-case basis.
- 8.54 A written request to extend can be submitted to NOPTA for Joint Authority consideration and decision.

## Variation to Terms and Conditions

- 8.55 The Joint Authority may consider granting a variation of the terms and conditions of a GSA. This may include variation of the option to satisfy the GSA or to combine existing GSAs.
- 8.56 Variations will be considered on a case-by-case basis.
- 8.57 A written request to vary a GSA can be submitted to NOPTA for Joint Authority consideration and decision.
- 8.58 If the request is to vary in the regional study option, the request should include an outline of the proposed regional study.

# Attachment 1: Good Standing Agreement flow chart

