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COMMONWEALTH OF AUSTRALIA

DEPARTMENT OF NATIONAL DEVELOPMENT
BUREAU OF MINERAL RESOURCES
GEOLOGY AND GEOPHYSICS

RECORDS:



1965/82

SUMMARY OF PETROLEUM LEGISLATION
IN AUSTRALIA AND THE TERRITORY
OF PAPUA-NEW GUINEA

Prepared by the Bureau of Mineral
Resources, Geology & Geophysics,
Petroleum Technology Section.

April, 1965

The information contained in this report has been obtained by the Department of National Development, as part of the policy of the Commonwealth Government, to assist in the exploration and development of mineral resources. It may not be published in any form or used in a company prospectus without the permission in writing of the Director, Bureau of Mineral Resources, Geology and Geophysics.

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Note:

This summary of Petroleum Legislation is designed to provide general information only. Interested persons are advised to contact the appropriate Department of Mines of the various States or Territories concerned for detailed information. The addresses of the various Departments are included.

1.

General Notes on Petroleum Legislation in
Australia.

In Australia and its Territories, all petroleum on or below the land is and shall be deemed always to have been the property of the Crown. Ownership of freehold land does not carry with it any rights to prospect for, or to produce petroleum.

A landowner, by virtue of the fact of being a landowner, is not entitled to any portion of the proceeds or profits that may be made from any petroleum, which includes natural gas, discovered on his property. A landowner may not refuse access to his property for the purposes of petroleum exploration by any company or individual authorised to carry out exploration within a tenement covering the area.

A landowner may claim compensation for damage to property, crops, water supplies etc., caused by petroleum exploration activities. Provision is also made for compensation or reimbursement for loss in respect of the use of land occupied.

Full control of petroleum exploration development rights and conditions of tenure of tenements (permit, license or lease) is vested in the Government or Administration of each State or Territory. No company or person is permitted to carry out any phase of petroleum exploration or development without the necessary Government authorisation.

The names given to the different types of tenements varies from State to State and Territory to Territory. In general there are three basic types of tenement:

<u>Permit</u>	for surface surveys
<u>Licence</u>	for exploration drilling
<u>Lease</u>	for commercial production.

The conditions of tenure, work requirements, bonds, rents, size applicable to tenements for each State or Territory are summarised in the attached tabulation. However, as amending legislation may be effected at any time by the administration concerned, any person or company is advised to contact the appropriate Department of Mines for up-to-date information.

The Commonwealth Government (Federal) does not itself issue petroleum tenements except within the Territories. Its position vis-a-vis the various State Governments in respect of petroleum legislation is similar to that of the Dominion and Provincial Governments in Canada.

The Commonwealth Government, in conjunction with the States, is preparing draft legislation to cover exploration in off-shore areas, both on the territorial sea bed and on the outer continental shelf. Administration of the scheme will be in the hands of the States. Joint Commonwealth-State approval will be necessary in the granting of tenements because of the Commonwealth Government's responsibilities in respect of external affairs, navigation, defence and customs.

Addresses - Government Departments.

Commonwealth Government (Federal)

The Secretary,
Department of National Development,
Administrative Building,
PARKES. A.C.T.

Phone: Canberra 61-9111
Telegraph: "Natdev" Canberra.

The Director,
Bureau of Mineral Resources,
Geology & Geophysics,
P.O. Box 378,
CANBERRA. CITY A.C.T.

Phone: Until April 30th
Canberra 4-4261
After May 1st
Canberra 49-9111
Telegraph: "Buromin" Canberra.

States & Territories

Queensland

The Under Secretary,
Department of Mines,
Mineral House,
2 Edward Street,
BRISBANE. QUEENSLAND

Phone: Brisbane 33-9011

New South Wales

The Under Secretary,
Department of Mines,
11 Loftus Street,
SYDNEY. NEW SOUTH WALES

Phone: Sydney 27-7361

Victoria

The Secretary for Mines,
Department of Mines,
Treasury Place,
MELBOURNE. VICTORIA

Phone: Melbourne 63-0321

Tasmania

The Director of Mines,
Department of Mines,
G.P.O. Box 124B,
HOBART. TASMANIA

Phone: Hobart 2-4041

South Australia

The Director of Mines,
Department of Mines,
169 Rundle Street,
ADELAIDE. SOUTH AUSTRALIA

Phone: Adelaide 23-0461
Telegraph: "Domex" Adelaide

Western Australia

The Under Secretary for Mines,
Mines Department,
Central Government Buildings,
PERTH. WESTERN AUSTRALIA

Phone: Perth 23-0151

Northern Territory

The Director of Mines,
Northern Territory Administration,
P.O. Box 231,
DARWIN. NORTHERN TERRITORY

Phone: Darwin 489
Telegraph: "Direcmin" Darwin

Territory of Papua-New Guinea

The Director,
Department of Land, Surveys &
Mines,
KONEDOBU. PAPUA

Phone: Konedobu 4271
Telegraph: "Lands" Konedobu.

3.

A. PERMIT STAGE

State or Territory	Queensland	New South Wales	Victoria	Tasmania	South Australia	Western Australia	Northern Territory	Papua-New Guinea
Permit Name	Authority to Prospect	Petroleum Exploration Licence	Petroleum Exploration Permit	Exploration Licence	Oil Exploration Licence	Permit to Explore	Permit	Permit
Area	Max. & min. both subject to Minister's discretion	Max-5,000 sq.mi. Min-1,000 sq.mi.	Max-5,000 sq. mi. Min-1,000 sq. mi. Minister may approve lesser area	Max & min. subject to Minister's discretion	Max-None Min-1,000 sq. mi.	Max-None Min-1,000 sq. mi.	Max-10,000 sq. mi. Min-None	
No. of Permits	To be fixed by the Minister	No limit	No limit	No limit	No limit. One OEL may be granted over two or more areas.	No limit	No limit on number held. Max aggregate area may exceed 10,000 sq. mi. with the approval of the Governor-General.	
Term	To be fixed by the Minister.	2 years. Extensions of 1 year at Ministerial discretion.	2 years. Extensions of 1 year, provided Minister has been given good reasons.	Determined by Minister.	5 years. Extension of 5 years unless otherwise agreed.	2 years. Extension of 1 year each at Ministerial discretion	1 year extensions of up to 3 years each, but aggregate permit term must not exceed 10 years.	
Bond (Deposit)	£2,000 usual (£1,000 min)	£1,000 (min.)	£1,000 (min.) with a surety approved by Minister.	Sufficient security to protect interest of private land holders.	£1,000 (min.)	£1,000 by sureties	£1,000 (min.) surety approved by Administrator.	
Fee	None	None	£1 permit preparation fee.	10/- per sq. mi. for first 25 sq. mi. and 1/- for each additional sq. mi.	£25	£100	£100	£100

State or Territory	Queensland	New South Wales	Victoria	Tasmania	South Australia	Western Australia	Northern Territory	Papua-New Guinea
Rent	Payable in advance - the amount to be fixed by the Minister, 3d. per sq. mile usual	2/- per sq. mile p.a.	2/- per sq. mile p.a.	As the Minister may determine	£5 per 1,000 sq. mile p.a. if fee not less than £50 p.a. & not more than £500 p.a.	None	None	None
Royalty	-	-	-	-	-	-	-	-
Work Obligations	The Authority entitles the holder to the exclusive right to carry out search for oil in the area covered by that Authority. Work obligations are to be determined by the Minister.	Permittee must forward for approval within 3 months, programme of exploration which may include scout drilling. This programme may be modified at any time by Minister's consent or direction; quarterly reports, maps etc. required.	Within 3 months commence a reconnaissance, aerial, geological or geophysical survey. Submit quarterly reports and maps. Keep records and samples. Drilling only on Minister's consent.	Geological geophysical or aerial surveys to satisfaction of Minister. Furnish reports and keep record of operations. Drilling may be undertaken.	Within 6 months start surface geological work. Other requirements may be added to the above. Submit quarterly reports and maps to the Minister.	To the satisfaction of the Minister. Scout drilling only allowed. Within 3 months start reconnaissance aerial, geological or geophysical survey. Submit quarterly reports, maps and samples, etc. may not drill at all without the consent of the Minister	Within 6 months start reconnaissance survey by competent geologist or geophysicist and carry it out to satisfaction of the Administrator; submit quarterly reports, keep logs, samples etc., If oil or gas discovered in a well, the permittee may be required to prove quantity and quality.	
Credits	Not provided for	Not provided for	Not provided for	Not provided for	Not provided for	Not provided for	Not provided for in the ordinance, but aggregation of expenditure may be approved by the Administrator,	
Grouping	Not provided for	Not provided for	Not provided for	Not provided for	Not provided for	Not provided for	Not provided for	
Preferential rights to licence and obligation to take-up lease.	If payable oil discovered Minister may require the permittee to take-up leases.		Permittee who carried out his obligations and duties has pref. rights to PPL for one or more parts of the permit. If oil discovered, Minister may require the permittee to take up Pet. Mineral Leases.	Preferential right to apply for a lease of such area as the Minister may determine.	May not dispose of petroleum but permittee has a preferential right to OPL or OML of any part of OEL.	The Minister may grant or cause to be granted to the permittee who has carried out his work obligations to the Minister's satisfaction, one or more Licences to Prospect	Permittee who carried out his obligations and duties has preferential right to a licence of any part of Permit. May not dispose of any petroleum from land comprising the Permit until a lease granted.	

B. LICENCE STAGE

State or Territory	Queensland	New South Wales	Victoria	Tasmania	South Australia	Western Australia	Northern Territory	Papua-New Guinea
Licence Name	Prospecting Petroleum Permit	Petroleum Prospecting Licence	Petroleum Prospecting Licence	Coal and Oil Licence	Oil Prospecting Licence	Licence to Prospect	Licence	Licence
Area	Max-200 sq. mi; Min-None	Max-200 sq. mi. Min-8 sq. mi.	Max-200 sq. mi. Min-None	Max 3,200 acres	Max-200 sq. mi. Min-8 sq. mi.	Max-200 sq. mi. Min-8 sq. mi.	Max-2,500 sq. mi. or $\frac{1}{2}$ the permit area whichever is the lesser. Min-50 sq. mi.	Max-2,500 sq. mi. Min-50 sq. mi.
No. of Licences	No limit in any of 3 Divisions (fixed by 20th and 24th parallels lat.) but max. of 5 permits and leases when more than 5 permits and leases are held in any other Division of the State.	No limit specified	No limit	One only	No limit	No limit	No limit as to number specified but aggregate area of licences may not exceed 2,500 sq. mi or $\frac{1}{2}$ the area of the Permit whichever is the lesser	No limit as to number specified, but aggregate area of licences may not exceed 5,000 sq. mi. or $\frac{1}{2}$ the area of the Permit whichever is the lesser.
Term	2 years. 2 extensions of 2 year each.	4 years max. Extensions of up to 1 year each at Minister's discretion.	4 years max. one year's extension may be again extended for further periods of one year.	Max. 2 years may be renewed for further one year.	5 years max. Renewal possible for same period as initial grant.	2 years for licences granted after 1.1.55 3 extensions of 1 year each may be granted by Minister.	2 years, max 6 extensions of up to 1 year each	2 years, max. 6 extension of up to 1 year each, except with approval of the Governor-General.
Survey	Boundaries to be marked within 90 days of commencement (Sect. 13)							

State or Territory	Queensland	New South Wales	Victoria	Tasmania	South Australia	Western Australia	Northern Territory	Papua-New Guinea
Bond	£1,000 (min.)	£1,000 (min.)	£1,000 (min.)	Nil	£1,000 (min.) with surety approved by Minister.	£1,000 (min.) with surety approved by Minister.	£25,000 (max.) £5,000 (min.) with sureties.	£25,000 (max) may cover several licences £5,000 (min) with sureties.
Fee	5/- per square mile refunded if no permit granted credited to rent if permit granted	None	£25 applicable towards rent if licence granted	£1 filling fee.	£25	None	£20 plus £25 applicable to 1st year's rent if Licence granted otherwise refunded	£20 plus £25 applicable to 1st year's rent if Licence granted- otherwise refunded.
Rent	5/- square mile per annum.	£1 per square mile per annum	5/- per square mile per annum but min. £25 p.a. paid half-yearly in advance.	2d. per acre per annum for two years and 1 d. per acre for third year.	Initial term-5/- per sq. mile pa. (min £12.10.0) Renewals 10/- per sq. mile pa. (£25 min.) All payable in advance.	1st year-5/- sq. mi. (max. £12.10.0) Every subsequent year 10/- per sq. mi. p.a. (max £25)	1/- per sq. mi. for 1st year increasing by 1/- every year to 5th year inclusive 5/- per sq. mi. for 5th year increasing by 5/- every year to 8th year inclusive.	1/- per sq. mi. for 1st year increasing by 1/- every year to 5th year inclusive. 5/- per sq. mi. for 5th year increasing by 5/- every year to 8th year inclusive.
Royalty	10% of wellhead value of petroleum produced in Permit area.	Same rate as for Petroleum Mining Leases. (10% of gross value at well head.	Payable at same rate as if lessee was holding Petroleum Mineral Lease. (10% of gross value of petroleum produced) Lease must be applied for if petroleum is discovered in commercial quantities.	Cannot dispose of oil until a lease is granted	Cannot dispose of petroleum until an Oil Mining Licence has been granted.	Production prohibited without a lease.	Cannot dispose of production until Lease is granted.	Cannot dispose of production until Lease is granted without special permission

State or Territory	Queensland	New South Wales	Victoria	Tasmania	South Australia	Western Australia	Northern Territory	Papua-New Guinea
Work Obligations	<p>Within 4 months start geological or geological and geophysical survey, and furnish proof to the Minister, within 6 months that this has been done. Permittee shall carry out scout-drilling when directed by Minister. Furnish Minister periodically with reports, logs and other data regarding work carried out.</p> <p>Within 12 months start drilling and within 2 years drill at least 1 well 2,000 feet min. depth or wells with a min. aggregate depth of 2,000 feet.</p>	<p>Requirements same as that for Victoria, except Licencee required to start drilling operations within 6 months</p>	<p>Licences required with- in 3 months to submit proposed scheme of prospecting providing for a detailed geological or other survey and details of same; including drilling showing time intervals and sums of money to be spent. Licencee is required to provide for regular mineralogical and palaeontological examinations of samples. Minister may approve, reject or modify the scheme. Licencee required to retain samples and cores for at least 12 months. Submit detailed quarterly reports, maps and expenditure. If petroleum discovered Minister may direct Licencee to prove quality and quantity of petroleum and may require licencee to apply for a lease of specified area.</p>	<p>Commence prospecting within 90 days and submit monthly reports giving full particulars of all drilling and other work. All discoveries must be reported to the Minister forthwith.</p>	<p>Scheme of prospecting approved by Minister. Carry out detailed survey by or under supervision of a geologist to Minister's satisfaction. Examination of samples and fossils. Retain same, submit quarterly reports, submit geological map. If petroleum discovered in a licencee may be directed by Minister to prove quality and quantity of petroleum.</p>	<p>Within 6 months start geological survey & carry it out thereafter. Keep records of operation, samples etc. Forward monthly reports to Minister. May not drill at all without consent in writing by Minister "which consent shall not be unreasonably withheld".</p>	<p>Carry out detailed survey by geologist or under his supervision. Make scientific examination of samples, etc. Retain samples, specimens etc. Submit quarterly progress reports. After completion of survey, submit detailed reports and supporting evidence and data; a geological map to a minimum scale 1:25,000 report on results of examination of specimens. In the event of the discovery of petroleum in a well in the licence area Licencee may be required to prove quality and quantity of petroleum.</p>	<p>Carry out detailed survey by geologist or under his supervision. Make scientific examination of samples, specimens, etc. Retain samples, specimens. Submit quarterly progress report. After completion of survey, submit detailed reports and supporting evidence and data, a geological map to a minimum scale 1:50,000; report on results of examination of specimens. In the event of the discovery of petroleum in a well in the licence area Licencee may be required to prove quality and quantity of petroleum.</p>
Credits	Not provided for	Not provided for	Not provided for	Not provided for	Not provided for	Not provided for	Not provided for in the Ordinance but aggregation of expenditure may be approved by Administrator.	Not provided for in the Ordinance but aggregation of expenditure may be approved by Administrator.

C. LEASE STAGE

State or Territory	Queensland	New South Wales	Victoria	Tasmania	South Australia	Western Australia	Northern Territory	Papua-New Guinea
Lease Name	Petroleum Lease	Petroleum Mining Lease	Petroleum Mineral Lease	Oil Lease	Oil Mining Licence	Lease	Lease	Lease
Area	One-half the permit area. Max 100 sq. miles	Max. 100 sq. miles Min. 4 sq. miles	Max. 100 sq. mi.	As the Minister may determine.	Not more than 100 sq. miles or less than 4.	Not more than one-half area of Licence to Prospect if licence granted after 1.1.55 Max. 100 sq. Min. 4 sq. miles.	(Granted only to licencees) Max. 500 sq. mi. or $\frac{1}{2}$ the area of the licence whichever is the lesser. Min. 10 sq. mi.	(Granted only to licencees or permittees) Max. 500 sq. mi. Min. 10 sq. mi.
Number of Leases	Land that is not continuous may be included in one lease under special circumstances. State is divided into three zones. A lessee may not hold more than five leases and permits in any one zone when he holds more than five in any other zone.	Not specified (Minister's discretion)	Not specified (Minister's discretion)	Two or more leases may be consolidated at discretion of Minister.	No limit. One OML may cover two or more areas.	No Limit but total not to exceed 50% of area of a licence granted after 1.1.55.	No limit provided aggregate area does not exceed 500 sq. mi.	No limit provided aggregate area of leases does not exceed 500 sq. mi. or $\frac{1}{2}$ the area of the licence, whichever is the lesser.
Unitization	Permitted subject to approval by Minister.	Allowed at Minister's discretion. Minister may require that oilfield be unit developed	Minister may require operations to be joined so as to permit unit development of an oilfield.	Not provided for	Minister may alter areas of licence or require that two or more licencees join their holdings to permit unit development of an oilfield.	Not provided for	Administrator may require that a scheme which covers several leases and which is acceptable to him be made effective for the unit development of any oilfield.	

State or Territory	Queensland	New South Wales	Victoria	Tasmania	South Australia	Western Australia	Northern Territory	Papua-New Guinea
Obligations & privileges.	Exclusive right to produce and dispose of petroleum. Mining for gold and other minerals may be allowed by Minister. May not drill within 200 ft. of another lease or permit. Helium remains property of the Crown. Drilling to commence within 3 months. Area may be required to be surveyed at expense of applicant. A bond of £5000 is required with application.	Right to produce petroleum. Must commence drilling operations within six months.	Right to produce petroleum. A bond of £1000 is required with application. Minister may require that production be refined in Victoria or elsewhere in Australia. Mining for gold and other minerals may be allowed on lease area.	Right to mine and dispose of oil & associated helium gas. Drilling to start within 6 months. Drilling & production operations to develop oil-field according to good practice.	Right to conduct oil mining operations. Helium remains the property of the Crown. Drilling to commence within 6 months.	Right to produce petroleum. Minister may direct that production be disposed of only for consumption in Australia. Drilling to commence within 6 months.	Drilling to commence within six months. Exclusive right to produce and dispose of petroleum. A bond of £10,000 to be furnished with the application. Initial leases granted only to the holder of a licence. If more than one lease is applied for, bond requirement may be waived.	
Rent	£10 per square mile p.a. deductible from royalty.	£10 per square mile p.a. deductible from royalty.	£10 per square mile p.a. deductible from royalty.	Each case to be determined by Minister.	£10 per square mile p.a. deductible from royalty	£10 per square mile p.a. deductible from royalty.	£15 per sq. mi. for first 5 years. £30 per sq. mi. for next 5 years. £50 per sq. mi. therefore may be reduced if circumstances warrant. Rent is deductible from royalty.	
Surrendered area	Upon granting of lease of part of land covered by a permit the remainder shall remain covered by permit until expiration of twelve months from date of lease first granted to permittee, notwithstanding that period of permit may have expired, and during such period	The holder of a licence who discovers petroleum must apply for a lease then directed to do so by the Minister. A lease may be granted to other than the holder of a licence.	On grant of lease of portion of land covered by licence, remaining area covered by licence till the licence termination; it then reverts to Crown.	Reverts to Crown	Holder of Oil Prospecting Licence has preferential right to Oil Mining Licence within his OPL. It may be granted over land adjacent to an OPL held by the applicant.	Excluded area reverts to Crown immediately.	Excluded land may be held under licence. Area of land under licence may be increased by the acreage of any lease granted.	

State or Territory	Queensland	New South Wales	Victoria	Tasmania	South Australia	Western Australia	Northern Territory	Papua-New Guinea
Surrendered area (cont.)	<p>permittee shall be entitled to preferential right to lease of remainder or any portion of such remainder of land covered by permit. If after expiration of such period of twelve months period of permit has not expired, so much of land as has not been acquired under lease or leases by permittee shall remain covered by permit until termination of permit.</p>							
Term	21 years renewable for 21 year term	20 years first term; renewable for 20 year periods.	15 years first term; renewable for 15 year periods.	Max. 21 renewable at Minister's discretion	21 years first term; renewable for further 21 years	21 years first term renewed at Minister's discretion.	21 years; renewable for 21 year period.	
Royalty	10% of wellhead value of all petroleum	10% of gross value at wellhead.	10% of gross value of petroleum produced	10% of gross value at wellhead after first 50,000 gallons.	10% of selling value of all petroleum produced.	Fixed by Minister between 5 and 15% of gross value of petroleum production.	10% of gross value at the wellhead	

- NOTES: 1. All States and Territories have provisions requiring the operating company to safeguard against wasteful and dangerous practices and provisions for reservoir development in accordance with good oilfield practice.
2. All States exempt from royalty any production which is used on the lease, unavoidably lost or returned to the reservoir.
3. Generally speaking there is no royalty under a petroleum lease or equivalent on (a) any oil or gas that is unavoidably lost or returned to its natural reservoir (b) any oil or gas used on the lease for approved purposes and (c) any royalty on oil paid in Queensland in these circumstances or gas not sold.