

WA Branch

Opportunities In The Cooper Basin In 1999

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The expiry in February 1999 of Petroleum Exploration Licences 5 and 6 covering 73,000 square kilometres and including all of the South Australian Cooper Basin will mark the end of an important era in the history of petroleum exploration in Australia. Since the first exploration licences were awarded in 1954, Santos and joint venture partners have drilled over 1100 exploration and development wells and brought 119 oil and gas fields on stream. Over 3.4 Tcf of gas and 96 million barrels of oil and condensate have been produced to date. There is significant potential for further discoveries as is evidenced by the current 3 year \$200 million exploration program in the area. With Cooper Basin now servicing the natural gas needs of South Australia, New South Wales and shortly Southeast Queensland, the Basin now stands at the hub of a major gas production, processing and transmission system.

When the licences were first awarded there was a widely held opinion that Australia had only negligible petroleum potential. As a consequence, governments were only too willing to issue large long term tenements. Santos, Esso, Magellan, Wapet and others proved wrong the pessimists' view of the petroleum potential and also benefited by standing astride large acreage holdings which have proved productive.

Geological knowledge has greatly expanded since the 1950s. In addition, both businesses and governments are now rising to the challenge of making Australia more competitive. As a result the South Australian government has decided that the Cooper Basin, exclusive of production (and potentially retention) tenements will be made available for competitive bidding on the expiry of PELs 5 & 6. In order to facilitate this process, the legislative regime is under review, data issues are being addressed and the necessity of access to existing processing plant and associated infrastructure is being considered.

Regulatory Regimes:

- A Greenpaper on a review of the Petroleum Act will be released in mid 1997.
- Objective regulation is being implemented with the willing assistance of industry.

- Amendments to the Petroleum Act with regard to Native Title issues are in preparation.

Access to Infrastructure and Markets:

- An analysis has been released of the estimated cost of independent processing and transporting petroleum compared to tolling through existing facilities.
- Access provisions under the Commonwealth Trade Practices Act possibly apply to facilities such as Cooper Basin infrastructure and there is pressure to clarify this issue.
- The South Australian government considers upstream access a State issue and would prefer that industry introduce self regulation via a public code setting out conditions under which gas would be tolled through existing petroleum processing and transportation facilities.
- A right of access is already provided to sales gas transmission pipelines in South Australia and legislation providing access to the distribution system will be introduced during 1997.
- Direct producer-consumer negotiations have been facilitated and a number of new contracts recently negotiated.

Access to data:

- Extensive verified digital databases are available, including well, core analysis, production, etc.
- GIS data includes topography, geological mapping, environment data, tenements, well locations, etc.

- Also available are a seismic shotpoint database (over 90,000 km recorded in the Cooper Basin), well log database (on CD ROM), and a regional seismic interpretation (6 horizons, contours isopachs, time and depth maps, images).

- Systems have been implemented to safely store and rapidly retrieve physical data items (including cores, cuttings, seismic sections, seismic tapes).

Access to land:

- South Australia has a multiple land use policy with exploration and production activities permitted (and extensively occurring) in many reserves under the National Parks and Wildlife Act.
- Amendments to the Petroleum Act under consideration will facilitate regular availability of acreage and improve certainty of tenure provisions.
- Details on the number and size of areas to be made available post February 1999 are yet to be determined and industry input is very welcome on this issue. A decision on a total or phased release of acreage has also not been made.

The opening up of the Cooper Basin to competitive bidding in about two years time will provide a unique opportunity to explorers. Advantages include access to infrastructure and markets, proven play concepts, high wildcat discovery rates, access to detailed data and government with a proven track record of facilitation of responsible petroleum exploration and development.