

## Victorian Onshore Petroleum ACT 1998

The Victorian Petroleum Act 1998, which received Royal Assent on 24 November 1998, provides Victoria with contemporary petroleum legislation that encourages development of the state's petroleum resources, while maintaining a high level of protection for the environment and the rights of landowners. It is now a requirement that the supporting Regulations be written before it comes into effect. However, it will come into operation at the latest on 1 December 1999.

While the offshore Bass Strait oil and gas fields have provided Victoria with a local source of oil and gas for the last 30 years, onshore Victoria is also prospective for small to medium oil and gas field discoveries. These discoveries have provided major benefits to regional Victoria, including Warrnambool and Portland, which are supplied by the onshore Paaratte gas field. The benefits of this were amply demonstrated during Victoria's recent gas emergency.

The new legislation repeals the current Petroleum Act 1958, replacing it with contemporary legislation that reflects modern industry practice and is consistent with competition legislation. It is based on the Commonwealth PSLA and the Victorian Mineral Resources Development Act 1990.

Key points of the new act are:

### Authorities lengthened and new authorities created

Exploration permits will be issued for initial terms of five years, rather than the current two years with one year extensions. A once only renewal is allowed subject to a 50% relinquishment. Production Licences are now to be for the life of the field. They will, however, generally be smaller, covering only the field and any area required for development facilities. Retention Leases are created to allow exploration permit holders to retain petroleum discoveries that are not currently commercially viable but which might be in the future. Special Access Authorities are also created to allow holders to undertake exploration activities in order to gain geological information for their use or for sale, but these do not confer any rights to petroleum discoveries, or allow drilling.

### Competitive tendering for acreage formalised

Consistent with competition reform policy, land must initially be offered for petroleum exploration through an open competitive tendering system based on the best

exploration program bid. If tendering is unsuccessful then the land can be made available for application.

### Gas storage provisions

Coincident with the development of an underground gas storage project at Port Campbell, the provisions for underground storage have been expanded. There is a mechanism to access depleted fields if the licence holder has no plans for the field and cannot reach agreement with the gas storer.

### Land access clarified

The new act offers four categories of recognition of the various environmental values that are ascribed to Crown land.

- Wilderness Crown land covers wilderness zones, wilderness parks and reference areas. Petroleum operations are prohibited in these areas.
- Parks Crown land includes the national, state and other parks where only the Minister for Conservation and Land Management can consent to petroleum operations. The existing provisions under section 40(2) of the National Parks Act 1975 have been preserved.

- Restricted Crown land is defined and is largely linked to approved recommendations of the former Land Conservation Council. The consent of the Minister for Conservation and Land Management must also be obtained for operations over this category of land.

- Unrestricted Crown land is all remaining Crown land, representing about 50% (approximately four million hectares) of all Victorian Crown land. The land manager must be consulted prior to operations on this land.

Private land owners' interests are recognised and protected, with no petroleum operations permitted on any private land, unless compensation has been agreed with the landowner or settled through the Victorian Civil and Administrative Tribunal (VCAT).

Exploration carried out under a petroleum authority will not require a planning permit nor be prohibited under any planning scheme approved under the Planning and Environment Act 1987.

Production carried out under a production licence cannot be prohibited under any planning scheme approved under the Planning and Environment Act 1987 but will require a

planning permit, while a project that has been the subject of an Environment Effects Statement (EES) also will not require a planning permit.

### Land protection

The new legislation ensures that measures are set down for protection of the land before petroleum operations are undertaken. Explorers are required to put forward an operation plan that will include the need to demonstrate that they will operate to an acceptable environmental code of practice and have developed an appropriate environment plan. The act also ensures the rehabilitation of any land disturbed during petroleum operations. Petroleum authority holders will also be required to provide a rehabilitation bond which may be used for rehabilitation, cleanup and pollution prevention work on private or public land.

### Native Title

The rights of Native Title holders are also guaranteed in the new Act according to the provisions in the Commonwealth Native Title Act 1993.

### Royalties

The current royalty on petroleum production of 10% of wellhead value has been maintained in the new act. However, it is now possible for a production title holder to enter into a different royalty arrangement with the agreement of the Minister and after consultation with the Treasurer. It will also allow, when appropriate, a lesser royalty rate to be set to enable the continued operation of economically marginal fields and marginal new discoveries.

### Information

Victoria's public geological database will be boosted by a requirement in the Act that authority holders submit all geological information gained through their petroleum operations. The legislation clearly sets out when such information will be released into the public domain but ensures that authority holders have exclusive use of their information during much or all their authority term through appropriate retention times for the information.

For more information contact:  
Kathy Hill  
Manager Petroleum Developments  
Department of Natural Resources and Environment.  
Minerals and Petroleum  
(03) 9637 8530