Australia
PETROLEUM
South Australia
Onshore challenges

- Low oil prices have reduced upstream petroleum investment worldwide but effective investment frameworks minimize pain;
- Organised opponents of fossil fuels at global and local levels;
- 14 Parliamentary inquiries into fraccing in Australia all of which conclude that the risks can be managed by effective regulatory frameworks;
- State/Territory moratoria/bans - blanket bans and regional bans;
- Efficient, objective-based regulation and demonstrably compatible multiple land use should be the common rule rather than ‘farmers vs miners’; ‘lock the gate’ and ‘protecting our food bowl’.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Frack ban or moratorium</th>
<th>Conventional exploration ban</th>
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<tbody>
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<td>NSW</td>
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SA strategies

• **Objective-based legislation and regulation** to maximise net benefits and gain and sustain public and investor trust.

• Efficient, effective & trustworthy ‘one window into government’ for petroleum projects.

• Native Title **land access agreements** that are fair and sustainable.

• **Pre-competitive studies** that reduce critical uncertainties.

• Focus on **building trust and reducing uncertainties**.

• **Oil and Gas Royalty Return Scheme** – The South Australian Government will provide freehold landowners and perpetual leaseholders with a 10% share of State royalty collected from new discoveries. Payment will be in proportion to the subsurface extent of the field below the property - a first for Australia.

• **State Energy Plan** - A$48 m **PACE (Plan to ACcelerate Exploration)** Gas Grants to deliver more gas soonest to SA power generators. Two grant rounds have resulted in a diverse portfolio – from plant optimization to free up gas to market, pipelines for stranded gas, to drilling Haselgrove 3 gas discovery.
## PACE Gas Rounds 1 and 2 at a glance

<table>
<thead>
<tr>
<th>Category</th>
<th>Round 1</th>
<th>Round 2</th>
<th>Total</th>
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<tbody>
<tr>
<td>Applications</td>
<td>9</td>
<td>14</td>
<td>23</td>
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<tr>
<td>Targeted unrisked gas (PJ)</td>
<td>111</td>
<td>106</td>
<td>217 PJ</td>
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<td>Follow-up PJs in play</td>
<td>1,767</td>
<td>189</td>
<td>1,956 PJ</td>
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<td>Grants - A$ million (US$ million)</td>
<td>23.8 (18.9)</td>
<td>24.0 (19.1)</td>
<td>47.8 (38)</td>
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<tr>
<td>Co-funding $ million (excl. grants)</td>
<td>174.3</td>
<td>49.1</td>
<td>223.4</td>
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<tr>
<td>No. projects awarded grants</td>
<td>5</td>
<td>4</td>
<td>9</td>
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<tr>
<td>Grant recipients</td>
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<td>Cooper Basin</td>
<td>Senex-Santos</td>
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<td>Santos-Beach</td>
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<td>Otway Basin</td>
<td>Strike-Australian Gasfields</td>
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<td>Beach</td>
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<td>(Haselgrove 3 gas discovery)</td>
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<td>Senex</td>
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<td>Santos-Beach</td>
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<td>Beach-Cooper</td>
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<td>Vintage-Rawson</td>
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South Australia’s ‘one window into government’

Company activity

ERD

Health
EPA
National Parks
Native veg
Surface & ground water
Safework
(Major Hazardous Facilities)
Planning

Our co-regulators
Performance indicators

- resilient bi-partisan public support for case-by-case, objective based approvals.
- certainty and efficiency for investment without taint of regulatory capture, and
- successive high ratings for regulatory and investment frameworks in national, regional and global surveys – such as the Fraser Institute’s global survey of the upstream petroleum industry.

In 2017 South Australia rated:

- best oil and gas jurisdiction in Australia and Oceania region;
- 3rd best in world in the small reserve category; and
- 10th best in world for attractiveness (policy perception index) for investment for exploration and development.
State of play for oil & gas in SA

- SA and Qld Cooper-Eromanga remains Australia’s largest onshore oil and gas producer.
- Huge potential for gas in Cooper Basin unconventional reservoirs, including the world’s deepest gas from coal source rocks.
- Work program bidding in Cooper & Otway.
- Over-the-counter applications elsewhere.

Oil & Gas licences:
- Exploration
- Exploration - application
- Production
- Retention

Pipelines:
- Gas
- Gas & liquids
- Oil
- Selected mine

No access parks
Cooper Basin acreage

No current releases.

Vacant Cooper Basin acreage is subject to work program bidding:

- 5 year work program – scoring method published,
- Evidence of financial and technical capacity required.

Petroleum tenements

- Exploration
- Exploration application
- Production
- Retention

Pipeline

- Oil
- Gas
- Gas and liquids

Discoveries 2002–16

- Oil
- Gas
- Resource play
Upcoming expiries of Petroleum Exploration Licenses

- Work program bid rounds
- PELs are granted for 2 or 3 five year terms (10-15 years total)
- Acreage drop at end of each term excludes production or retention licence areas:
  - 50% for 2 term PELs
  - 33.3% for 3 term PELs
- Over the next few years, a number of PELs will be subject to normal end of term acreage relinquishments
- Future bid rounds will occur
- Details of all licenses can be viewed via online License Register
No applications for OT2017 release.

Vacant acreage subject to work program bidding.

Conventional & unconventional oil & gas plays.

Connected to SE Australian gas market, Katnook Gas Plant currently mothballed.

PEL 629 granted to Ouro Preto Resources (Cabot Energy Plc) in 2014.

PELs 494 and 495 - Beach Energy Jolly 1 & Bungalow 1 (2014) targeted conventional reservoirs + deeper unconventional targets.

Beach Haselgrove 3 gas discovery this year

Air Liquide Caroline 1 CO₂ well produced up to ~60 bbl heavy oil/yr – to be P&A'd.
Haselgrove 3 gas discovery

- Beach Energy’s new Otway Basin gas discovery announced Jan 2018
- Co-funded by A$6 million (US$4.8m) PACE Gas grant
- Constrained flow rate ~ 25 MMscfd from Sawpit Sst.
- Estimated gross gas column 104 m Sawpit Sst, net pay 25.6 m (TVT)
- Estimated gross gas column 11.6 m Pretty Hill Sst, net pay 8.5 metres (TVT)
- Initial production test planned in February 2018
Roundtable for Oil & Gas in SA

Designed to inform industry strategies, government policies, and regulations to facilitate oil & gas projects in ways that SA communities welcome.

>2,000 members, >1000 organisations & ~30 individuals (including activists).

8 working groups addressing priorities ranked by Roundtable membership:

• Training – Tonsley Centre of Excellence;
• Cooper Basin supply hubs, roads & air strips;
• Cooper Basin water use;
• Transport – minimise cross border red tape;
• GHG detection;
• Supplier forum;
• Gaseous fuels for transport & heavy machinery;
• Sharing Information.

New members are welcome,


New edition of Roadmap for Oil and Gas in SA is underway
South Australia’s door is open.

Rated most attractive petroleum jurisdiction in Australia by Fraser Institute

Bight Basin attracting billions in exploration investment

Cooper Basin remains Australia’s largest onshore oil and gas province

A framework placing local companies into a global supply chain

Australia’s first roadmap for unconventional gas projects

Oil and gas roundtable with hundreds of members working to address priorities

www.petroleum.dpc.sa.gov.au