Accelerating oil and gas investment and reserves by design

But can he line up ducks?

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Trust is the Most Valuable Lead Factor & Lag Outcome

- elicit community trust & investor confidence;
- be open, transparent, flexible, practical & efficient;
- deploy robust consultation;
- provide certainty;
- focus on outcomes.

LEAD FACTORS

- Infrastructure
- Workforce
- Wise investment frameworks
- Market Demand & Price
- Finance
- Reinvest
- Expand

LAG OUTCOMES THAT BECOME LEAD FACTORS

- Information
- Title
- Exploration
- Capital
- Production
- Economies of scale
- Infrastructure & workforce
Some people unfamiliar with petroleum operations, some enterprises keen to sustain uncontested land use, and people opposed to using fossil fuels have and will voice opposition to land access for oil and gas projects.
Fake news or not?

Facts are stubborn things; and whatever may be our wishes, our inclinations, or the dictates of our passion, they cannot alter the state of facts and evidence (Adams 1770).
Cognitive and Conditional Bias

It is no longer enough for those entrusted to steward oil and gas E&P projects (within industry and government) to be just technically focused. Experience demonstrates that an understanding of cognitive bias is helpful in being empathic during consultation with people potentially negatively affected by oil and gas E&P operations.
Definition of Confirmation Bias
(Extracted from Wikipedia)

- Confirmation bias is the tendency to search for, interpret, favour, and recall information to confirm one's pre-existing beliefs.
- The effect is stronger for emotionally charged issues and for deeply entrenched beliefs.
- Disagreements can become extreme despite different parties having the same evidence/information.
- A greater reliance is placed on information encountered early and beliefs persist after the evidence for them is shown to be false.
- People falsely perceive an association between two events or situations.
- People with confirmation bias are weighing-up the costs of being wrong. Scientists can be prone to confirmation bias.
- Confirmation biases contribute to overconfidence and maintain/strengthen beliefs despite contrary evidence.
- Social media can amplify confirmation bias “algorithmic editing”. Individuals most easily find information that supports rather than opposes their views. Some argue that “algorithmic editing” reduces easy access to diverse views — inhibiting informed perspectives.

See: https://en.wikipedia.org/wiki/Confirmation_bias
Recipe for Oil & Gas E&P Nirvana

✓ Empathy - Build trust and reduce uncertainty;
✓ Realistic prospects for commerciality;
✓ Attractive / competitive licence requirements and tenure;
✓ Regulators and licensees have trustworthy capabilities (competence and capacity);
✓ Regulatory certainty, efficiency and effectiveness without taint of capture;
✓ Effective (informative) stakeholder consultation well-ahead of land access;
✓ Potentially affected stakeholders can effectively object to incompatible land access - without being vexatious;
✓ Fair and expeditious dispute resolution, and compensation to affected land-users (due to E&P operations);
✓ Risks are reduced to ALARP and meet community expectations for net outcomes;
✓ Licensees report on risk management, while the regulator probes same;
✓ Regulators have compliance enforcement tools and use same; and
✓ Industry compliance records are made public, so the efficacy of risk management and regulation is transparent.
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- Grouped PRLs 2014
- PRL fees reduced 2015
- The Act fees pay for co-regulation 2015
- Cooper Basin Aboriginal participation forum 2015
- Call for PACE Gas grants 2016
- APPEA opens SA Office 2016
- PACE Gas grants 1 in Otway & 4 in Cooper 2017
- Beach open office in Penola 2017
- GISERA starts in Otway 2017
- PACE Gas grants – 2 in Otway & 2 in Cooper 2017
- PACE Gas grant supported Haselgrove 3 find gas 2018
- C’wealth Gas Acceleration Program 2018
Plan to ACcelerate Exploration (PACE) Gas at a Glance

23 applications from 15 companies

9 projects in portfolio targeting 217 PJ with **1,957 PJ follow-up potential**

A$271m investment from industry + PACE grants

- **A$5.82m** – Senex/Santos Cooper Basin PE and Vanessa pipelines; flow imminent
- **A$6.00m** – Beach Energy Otway Basin Haselgrove #3 exploration; GAP grant
- **A$2.00m** – Strike/Australian Gasfields Cooper Basin deep coal pilot; in progress
- **A$3.96m** – Santos/Beach Cooper Basin re-frac stimulation; post re-frac flows
- **A$6.00m** – Santos/Beach Cooper Basin underbalanced drilling; scheduled
- **A$6.00m** – Santos/Beach Cooper Basin Moomba heat recovery; scheduled
- **A$6.89m** – Senex Energy Cooper Basin Gemba 1 exploration; drilling
- **A$5.26m** – Beach/Cooper Otway Basin Dombey 1 exploration; scheduled
- **$4.95m** – Vintage/Rawson Otway Basin Nangwarry exploration. scheduled

A$47.78m
South Australia’s Royalties for Regions

The Royalties for Regions program entails a dedicated regional roads and infrastructure fund.

Each year, 30% of the State Government’s revenue from mineral and petroleum royalties will be paid into this fund, estimated to be $750 million over ten years.

This dedicated funding stream will ensure the delivery of key infrastructure improvements in addition to other productivity and safety-enhancing projects.
Grouped Petroleum Retention Licences (PRLs) enable explorers to drill the best prospects first while assuring a multiple of investment above the present value of winning bids for ever smaller licences.

This sustained investment when the price of oil fell in late 2014.
Roundtable, Roadmap and GISERA for Oil and Gas in SA

A directions paper, a strategy and an expanded roadmap for onshore and offshore oil & gas is planned.

All will be informed by the roundtable for oil and gas which includes: industry; governments; peak representative organisations for industry, environment protection and aboriginal people; research institutions & individuals. This roundtable currently has >2000 members from >1150 organizations.

CSIRO's Gas Industry Social and Environmental Research Alliance (GISERA) will undertake a research program on the impacts of the oil and gas industry on communities within SA's onshore Otway Basin. A South Australia Regional Research Advisory Committee (RRAC) has formed with a representative of CSIRO along with independent members. The RRAC will review and approve research projects that address community concerns, issues and potential impacts of onshore gas development in the South East.

The Fraser Institute O&G 2017 survey rated South Australia:

- best oil and gas jurisdiction in Australia;
- best oil and gas jurisdiction its Oceania region;
- best oil and gas jurisdiction in the southern hemisphere;
- 3rd best in world in South Australia’s reserve category; and
- 10th best in world for attractiveness for investment for exploration and development.
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