

OTWAY BASIN OT2025 ACREAGE RELEASE BID ASSESSMENT POLICY

The work program valuation methodology varies from basin to basin and bid round to bid round, depending on prospectivity and the area on offer. This document specifies the methodology to be used to select winning bidder for the OT2025 acreage release in the Otway Basin.

This assessment policy refers to all blocks offered as part of the 2025 acreage release in the Otway Basin: i.e. regulated substances exploration licence (RSEL), gas storage exploration licence (GSEL) and geothermal exploration licence (GEL).

Only guaranteed work will be considered in the assessment.

Exploration wells

The well score is uplifted/discounted to account for timing using the discount factors shown in Table 1.

| Year | Exploration well factors |
|------|--------------------------|
| 1 | 2 |
| 2 | 1.5 |
| 3 | 1 |
| 4 | 0.9 |
| 5 | 0.8 |

Table 1. Uplift/discount factors for exploration wells.

The resulting exploration well score is expressed in well equivalents (WEQ):

$$\text{WEQ} = \text{well/s} \times \text{exploration well factor}$$

Seismic

The total seismic acquisition score reflects the value of seismic compared to drilling. It is considered imperative that a minimum amount of seismic is required to locate a well. Wells that are not supported by sufficient seismic may result in those wells not being included in the assessment. The value of each seismic survey is uplifted/discounted using the factors shown in Table 2.

| Year | 2D | Full fold 3D |
|------|-----|--------------|
| 1 | 1 | 2 |
| 2 | 1 | 2 |
| 3 | 0.5 | 1 |
| 4 | 0.5 | 1 |
| 5 | 0.5 | 1 |

Table 2. Seismic surveys uplift/discount factors for 2D and 3D seismic acquisition.

The resulting seismic survey score in WEQ:

$$\text{WEQ} = ((2\text{D line km} \times \text{seismic cost factor})/1000) + (3\text{D square km} \times \text{seismic cost factor})/100))$$

Other data acquisition

The total other data acquisition score reflects the value of other data compared to drilling. The other data acquisition uplift/discount factors are shown in Table 3.

| Type of work | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|----------------------|--------|--------|--------|--------|--------|
| Seismic reprocessing | 0.50 | 0.40 | 0.30 | 0.20 | 0.10 |
| Gravity survey | 0.50 | 0.40 | 0.30 | 0.20 | 0.10 |
| Aeromagnetic survey | 0.50 | 0.40 | 0.30 | 0.20 | 0.10 |
| Geochemical survey | 0.50 | 0.40 | 0.30 | 0.20 | 0.10 |

Table 3. Uplift/discount factors for other data acquisition.

Geological and geophysical studies are part of normal business operations for a RSEL, GSEL and GEL and are not scored.

The resulting other data acquisition score in WEQ:

$$\text{WEQ} = \text{SUM} (\text{seismic reprocessing} \times \text{other data acquisition factor}) + (\text{gravity survey/s} \times \text{other data acquisition factor}) + (\text{aeromagnetic survey/s} \times \text{other data acquisition factor}) + (\text{geochemical survey/s} \times \text{other data acquisition factor})/1,000,000$$

Final score

The final total bid score in WEQ over the first five-year term:

$$\text{WEQ} = \text{SUM} (\text{total exploration well/s score} + \text{total seismic acquisition score} + \text{total other data acquisition score})$$

OT2025 acreage release bid assessment policy

Total bid scores will be ranked, and the highest bid score will progress to the next stage of the assessment.

In the event of equal bids, the application with the better structured technical program which demonstrates net benefit to South Australia will progress to the next stage of the assessment.

Where there is a winning bid, the Executive Director will be informed, and financial checks will be undertaken.

DEM reserves the right not to award a permit should the work program not demonstrate strategic value to South Australia.

Financial resources assessment

Checks on the financial status of the highest bid score/s applicant/s are undertaken and classified as adequate, marginal, or inadequate. The financial assessment includes other licence commitments in South Australia (or if more than one block is to be offered to an applicant, the commitments in all blocks) with due consideration given to past performance in meeting prior work program commitments. This includes a new company with a director/s of a previously poor

performing company. If the applicant is classified as financially inadequate, a minute on the likelihood that capital may be raised, and/or that the work program may be fulfilled will be included.

In the instance than an applicant/s whose financial status is classified as inadequate, the applicant/s may be excluded from being offered the RSEL, GSEL or GEL, and the second highest bidder may be considered. However, if the company is the only bidder for the block and their financial status is classified as inadequate, the RSEL, GSEL or GEL may be offered if there is a reasonable likelihood that capital may be raised, thereby allowing the work program to be fulfilled.

Disclosure of winning bidder

The winning bid will be released to the public in the licence document, while unsuccessful bids are held confidential. The Minister is expected to announce the winning bidders, together with details of work programs, by the end of 2025.

Contact information

Comments and enquiries should be made to:

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