

PETROLEUM AMENDMENT BILL 1996

EXPLANATORY NOTES

OBJECTIVES

The objectives of the Bill are—

- to remove doubts about the application of the *Petroleum Act 1923* to authorities to prospect, leases, and licences, granted or to be granted for coal seam gas under the Act; and
- to make it clear that someone granted the right to mine coal does not automatically have the right to mine coal seam gas.

The objectives will be achieved by amending the Petroleum Act to ensure no doubts exist about the validity of authorities, leases, and licences already granted or to be granted and future actions under them.

REASONS FOR THE BILL

Coal seam gas may be petroleum under the Petroleum Act or a mineral under the *Mineral Resources Act 1989*.

As legal advice has raised doubts about the validity of some authorities to prospect, leases, and licences granted under the Petroleum Act for coal seam gas, amendment of the Act is necessary to remove the doubt.

The amendment maintains the practice long thought to exist and is the only reasonable way of achieving the policy objective until a new regime for coal seam gas can be introduced and the relationship between the Act and the Mineral Resources Act clarified.

Failure to do this could have significant effects on investment in Queensland and set back the development of a separate coal seam gas industry.

ADMINISTRATIVE COST TO GOVERNMENT

Nil.

CONSISTENCY WITH FUNDAMENTAL LEGISLATIVE PRINCIPLES

It is considered that the amendment is not inconsistent with fundamental legislative principles as it maintains the position applied and understood by industry before the doubts were raised.

CONSULTATION

Consultation in relation to the particular issues of validation of tenures for coal seam gas under the Petroleum Act and clarification that Mining Leases for coal do not convey an automatic right to coal seam gas has occurred with—

- Conoco Australia Pty Limited
- BHP Australia Coal Pty Ltd
- Queensland Mining Council
- Australian Petroleum Production and Exploration Association Limited.

NOTES ON PROVISIONS

Clause 1 sets out the short title for the Bill.

Clause 2 sets out the Act which is being amended.

Clause 3 inserts a new section 150.

The new section confirms that the Petroleum Act can apply to coal seam gas and validates all petroleum titles (Authorities to Prospect, Petroleum Lease and Pipeline Licences) that may have been granted in relation to coal seam gas under the Petroleum Act. This will maintain the current perceptions of the Department and industry in relation to coal seam gas.

It is not intended to change the definition of coal seam gas as a mineral under the Mineral Resources Act at this time, and where the mineral hydrocarbon has been added to a mining lease for coal, coal seam gas can still be mined, extracted and produced in association with the mining of coal under the Mineral Resources Act.

The new section also ensures that rights to extract or produce coal seam gas are not automatically provided to any person authorised to mine coal. Such a right would have to be authorised separately. Therefore under the Mineral Resources Act the mineral hydrocarbon (coal seam gas) is not implicit with the grant of a mining lease for coal and will have to be applied for separately.

It is intended that this will also be the case where an area is added to an existing Mining Lease for coal which also has rights to mine coal seam gas. In other words a separate application to add coal seam gas as a mineral will have to be made in respect of the area added. This will allow the Minister to consider each application for coal seam gas rights on its merits.

This amendment also seeks to maintain the current situation until more comprehensive amendments are made.

The amendments will have effect regardless of provisions under other Acts and no compensation is payable by the State because of the amendment.