

Petroleum Legislation Amendment Regulation (No. 1) 2013

Explanatory notes for SL 2013 No. 235

made under the

Petroleum Act 1923

Petroleum and Gas (Production and Safety) Act 2004

General Outline

Short title

Petroleum Legislation Amendment Regulation (No. 1) 2013

Authorising law

Section 149 of the *Petroleum Act 1923*

Section 859 of the *Petroleum and Gas (Production and Safety) Act 2004*

Policy objectives and the reasons for them

Amendment of the Petroleum Regulation 2004 and the Petroleum and Gas (Production and Safety) Regulation 2004

Who may drill a water observation bore or water supply bore

Section 179 of the *Land, Water and Other Legislation Amendment Act 2013* (LWOLA Act) provided for who may drill a water observation bore or water supply bore. The amendment effectively provided that the holder of an authority to prospect or a petroleum lease, granted under the *Petroleum and Gas (Production and Safety) Act 2004* (P&G Act), may drill a water observation bore or water supply bore in the area of the authority or lease.

Prior to this amendment commencing, a water observation bore or water supply bore could only be drilled by a water bore driller, or under the supervision of a water bore driller, licensed under the *Water Act 2000*.

The objective of the amendment was to allow a petroleum tenure holder to construct a water observation bore or water supply bore provided the holder complies with the drilling requirements prescribed under regulation.

Who may convert a petroleum well to a water supply bore or water observation bore?

Section 180 of the LWOLA Act provided for converting a petroleum well to a water supply bore or a water observation bore. This amendment provided that chapter 2, part 10, division 2 of the P&G Act applies only to a petroleum well in the area of a petroleum tenure that has been drilled under section 281 of the P&G Act or decommissioned under section 282 of the P&G Act on or after 1 January 2012.

The reason for this is that certain wells for which the commencement of drilling (or the decommissioning of the well occurred) on or after 1 January 2012, were drilled or decommissioned in compliance with the Code of Practice for Constructing and Abandoning Coal Seam Gas Wells in Queensland.

The amendment also addressed a number of issues with the current statutory conversion requirements and replaced the existing provisions regarding the conversion of petroleum wells to water observation and water supply bores. In particular, the amendments enabled a petroleum tenure holder to convert a petroleum well to a water observation or water supply bore where the holder complies with the requirements prescribed under regulation.

Achievement of policy objectives

Amendment of the Petroleum Regulation 2004 and the Petroleum and Gas (Production and Safety) Regulation 2004

Who may drill a water observation bore or water supply bore

The amendment regulation achieves the policy objective in that it will still allow a person who is a licensed water bore driller to drill a water observation bore or a water supply bore within the area of a petroleum tenure, but also allow a petroleum tenure holder to drill these types of bores.

The drilling of a water observation bore or a water supply bore needs to comply with safety requirements and the Code of Practice for Coal Seam Gas Wells and Associated Bores in Queensland.

Who may convert a petroleum well to a water supply bore or water observation bore

The amendment regulation achieves the policy objective to ensure that the conversion of a petroleum well to a water observation bore or water supply bore is carried out in compliance with the requirements prescribed under a regulation.

These requirements are contained in the Code of Practice of Constructing and Abandoning Coal Seam Gas Wells and Associated Bores in Queensland.

It should be noted that a petroleum well may only be converted to a water observation bore or a water supply bore if the drilling of the well commenced on or after 1 January 2012 or the well was decommissioned on or after 1 January 2012, to maintain the integrity of the resultant water supply bore or water observation bore.

The reason for this is that certain petroleum wells for which the commencement of drilling (or the decommissioning of the petroleum well) occurred on or after 1 January 2012, were drilled or decommissioned in compliance with the Code of Practice for Constructing and Abandoning Coal Seam Gas Wells in Queensland.

Petroleum wells constructed or abandoned in compliance with the Code of Practice for Constructing and Abandoning Coal Seam Gas Wells in Queensland maintain long term well integrity, containment of gaseous petroleum and the protection of groundwater resources.

Consistency with policy objectives of authorising law

The amendment regulation is consistent with the main objects of the *Petroleum Act 1923* and the *Petroleum and Gas (Production and Safety) Act 2004*.

Inconsistency with policy objectives of other legislation

The amendment regulation is consistent with the policy objectives of other legislation.

Benefits and costs of implementation

Amendment of the Petroleum Regulation 2004 and the Petroleum and Gas (Production and Safety) Regulation 2004

Who may drill a water observation bore or water supply bore and who may convert a petroleum well to a water supply bore or water observation bore

The additional time, cost and practical constraints on petroleum tenure holders to always have a licensed water bore driller to drill a water observation bore or water supply bore on their petroleum tenure was alleviated by this amendment.

Landholders will benefit from the changes, as the amendments streamline the requirements for a petroleum tenure holder to convert a petroleum well to a water bore.

The amendment will streamline organisational aspects of bore construction for coal seam gas companies, reduce associated costs and eliminate the requirement for a water bore driller to be on site. Streamlining construction of water bores for coal seam gas companies will reduce costs of converting wells no longer required for coal seam gas operations to water bores for landholders.

Consistency with fundamental legislative principles

Amendments are consistent with fundamental legislative principles.

Consultation

The Office of Best Practice Regulation was consulted regarding all of the amendments.

Amendment of the Petroleum Regulation 2004 and the Petroleum and Gas (Production and Safety) Regulation 2004

Who may drill a water observation bore or water supply bore and who may convert a petroleum well to a water supply bore or water observation bore

Industry (via the Australian Petroleum Production and Exploration Association – APPEA) and relevant State Government agencies were consulted on the proposed amendments to streamline the process for the conversion of petroleum wells to water bores and provide landholders with ready access to water to support their farm business during the development of the LWOLA Act. Wider notification of the amendments was achieved during the Parliamentary Committee Inquiry by the Agriculture, Resources and Environment Committee in the Land, Water and Other Legislation Amendment Bill 2013.

Landholder and stakeholder groups have been consulted and kept informed of developments through the Queensland Great Artesian Basin Advisory Council and the Great Artesian Basin Consultative Committee.

The Australian Drilling Industry Association (ADIA) has been consulted and kept informed of developments in the Code of Practice.

The changes to the Code of Practice for Constructing and Abandoning Coal Seam Gas Wells and Associated Bores in Queensland Edition 2.0 October 2013 were overseen and approved by the same steering committee comprised of industry and government representatives, that was responsible for the development of the Code of Practice for Constructing and Abandoning Coal Seam Gas Wells in Queensland Version 1 November 2011.

The changes to the Code of Practice were approved by the petroleum industry, through its peak representative body, APPEA, and supported by ADIA.