

# **Petroleum and Gas (Safety) and Other Legislation Amendment Regulation 2022**

Explanatory notes for SL 2022 No. 191

made under the

*Coal Mining Safety and Health Act 1999*

*Petroleum Act 1923*

*Petroleum and Gas (Production and Safety) Act 2004*

## **General Outline**

### **Short title**

*Petroleum and Gas (Safety) and Other Legislation Amendment Regulation 2022*

### **Authorising law**

Section 282 of the *Coal Mining Safety and Health Act 1999*.

Section 149 of the *Petroleum Act 1923*.

Sections 669 and 859 of the *Petroleum and Gas (Production and Safety) Act 2004*.

### **Policy objectives and the reasons for them**

Section 282 of the *Coal Mining Safety and Health Act 1999*, section 149 of the *Petroleum Act 1923* and section 859 of the *Petroleum and Gas (Production and Safety) Act 2004* allow the Governor in Council to make regulations under these Acts.

Section 669 of the *Petroleum and Gas (Production and Safety) Act 2004* provides that a regulation may make requirements for petroleum or fuel gas safety.

The use of steel casing in horizontal petroleum wells enables effective hydraulic fracturing to develop coal seam gas resources, however, it can present a potential safety risk to underground coal mining. The *Petroleum and Gas (Safety) Regulation 2018* currently prohibits the use of steel casing in horizontal wells, and petroleum tenure holders must apply for an exemption.

The Queensland Resources Industry Development Plan (QRIDP) is the Queensland Government's plan for the next 30 years for the Queensland resources industry and the businesses and communities it supports.

Action 40 of QRIDP commits the Queensland Government to removing the prohibition on the use of steel casing in horizontal wells where there is no overlapping coal tenure. This approach seeks to provide beneficial outcomes for both the petroleum and coal

industries, reducing industry burden and providing for greater flexibility to optimise future resources where there is no immediate safety risk.

The objectives of the *Petroleum and Gas (Safety) and Other Legislation Amendment Regulation 2022* (the Amendment Regulation) are to:

1. Implement Action 40 of QRIDP.
2. Support the petroleum and gas industry by reducing administration and enabling increased access to commercial reserves and reduced production costs.
3. Optimise Queensland's coal and petroleum resources, to meet the ongoing demand for coal and gas, both domestically and for export, while continuing to ensure the health and safety of workers.
4. Clarify that a 'horizontal well' as defined under the *Petroleum and Gas (Safety) Regulation 2018* means a petroleum well associated with a coal seam, and not all wells with a horizontal trajectory.
5. Clarify that the confidentiality periods which apply to required information for petroleum and gas tenures do not apply to an overlapping coal or oil shale tenement holder.

## **Achievement of policy objectives**

The Amendment Regulation achieves its objectives by replacing section 44 of the *Petroleum and Gas (Safety) Regulation 2018* with new section 52A, which restricts the prohibition on steel casing in horizontal wells to apply only where an operating plant, in relation to petroleum and gas, is in the area of a coal or shale mining lease or tenement or a coal resource authority. This will support the use of steel casing in horizontal wells by eliminating the exemption application process when there is no overlapping tenure, which is the case for approximately 89% of all petroleum tenure areas in Queensland.

Retaining the need to apply for an exemption to use steel casing in an overlapping area, where there is potential for direct interaction between tenure holders, ensures current safety standards are maintained and the rights of coal tenure holders are safeguarded.

The Amendment Regulation also replaces the definition of 'horizontal well' with 'relevant horizontal well', being a petroleum well, any part of which travels in a generally horizontal direction within or adjacent to a coal seam.

The Amendment Regulation also corrects section references under the *Petroleum and Gas (General Provisions) Regulation 2017* to clarify that the confidentiality periods which apply to required information for petroleum and gas tenures do not apply to an overlapping coal or oil shale tenement holder.

## **Consistency with policy objectives of authorising law**

The Amendment Regulation is consistent with the main purpose of the *Petroleum and Gas (Production and Safety) Act 2004* to facilitate and regulate the carrying out of

responsible petroleum activities and the development of a safe, efficient and viable petroleum and fuel gas industry.

The Amendment Regulation also supports the legislative objective of the *Coal Mining Safety and Health Act 1999* to protect the safety and health of persons at coal mines and persons who may be affected by coal mining operation.

## **Inconsistency with policy objectives of other legislation**

No inconsistencies with the policy objectives of other legislation have been identified.

## **Alternative ways of achieving policy objectives**

Amending the prohibition on the use of steel casing in horizontal wells and the definition of 'horizontal well' in the *Petroleum and Gas (Safety) Regulation 2018* and amending the relevant confidentiality provisions of the *Petroleum and Gas (General Provisions) Regulation 2017* is the only way to achieve the policy objectives.

## **Benefits and costs of implementation**

The Amendment Regulation has clear benefits for industry and Resources Safety and Health Queensland, which is responsible for the exemption process for the use of steel casing in horizontal wells, by reducing the administrative burden associated with making and assessing exemption applications.

The Office of Best Practice Regulation (OBPR) advised that the Amendment Regulation will reduce the burden of regulation.

There are no additional costs associated with the implementation of the Amendment Regulation.

## **Consistency with fundamental legislative principles**

The Amendment Regulation has been drafted with regard to fundamental legislative principles as defined in section 4 of the *Legislative Standards Act 1992* and is consistent with these provisions.

## **Consultation**

Consultation was undertaken with key industry stakeholders, including the Australian Petroleum Production and Exploration Association and Queensland Resources Council, on the Amendment Regulation. Overall, stakeholders support the proposed Amendment Regulation.

In accordance with the *Queensland Government Guide to Better Regulation* (the guidelines), OBPR was engaged to assess the proposed steel casing reforms. OBPR advised that the proposal will reduce the burden of regulation and appears unlikely to

result in significant adverse impacts. No further regulatory impact analysis is required under the guidelines.

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