

Petroleum (Submerged Lands) (Royalty)

No. 119 of 1967

An Act to impose a Royalty upon Petroleum recovered from
Submerged Lands adjacent to the Australian Coast
or to the Coasts of certain Territories of the
Commonwealth

[Assented to 22 November 1967]

BE it enacted by the Queen's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows:—

1. This Act may be cited as the *Petroleum (Submerged Lands) (Royalty) Act 1967*. Short title.

Commence-
ment.

2. This Act shall come into operation on the day on which it receives the Royal Assent.

Incorporation.

3. The *Petroleum (Submerged Lands) Act 1967* is incorporated and shall be read as one with this Act.

Definition.

4. In this Act, “royalty period”, in relation to a permit or licence, means—

- (a) the period from and including the date from which the permit or licence has effect to the end of the month of the year during which that date occurs; and
- (b) each month thereafter.

Royalty.

5.—(1.) The conditions subject to which a permit or licence is granted shall include a condition that the permittee or licensee shall, subject to this section, pay to the Designated Authority a royalty at the prescribed rate in respect of all petroleum recovered by the permittee or licensee in the permit area or licence area.

(2.) Subject to the succeeding provisions of this section, the prescribed rate in respect of petroleum recovered under a permit or licence is ten per centum of the value at the well-head of the petroleum.

(3.) The prescribed rate in respect of petroleum recovered under a secondary licence is the percentage determined by the Designated Authority in pursuance of sub-section (1.) of section 42 of the *Petroleum (Submerged Lands) Act 1967* in respect of petroleum so recovered.

(4.) Where a secondary licence is granted to the holder of a primary licence, the prescribed rate in respect of petroleum recovered under the primary licence is, as from the commencement of the next royalty period after the day from which the secondary licence has effect, the same percentage as is applicable in respect of petroleum recovered under the secondary licence.

(5.) Where—

- (a) a licence is granted on an application under section 47 of the *Petroleum (Submerged Lands) Act 1967*; and
- (b) the instrument served on the applicant under section 49 of that Act contains a statement that the applicant will be required to pay, in respect of petroleum recovered under that licence, royalty at the rate specified in that statement,

the prescribed rate in respect of petroleum recovered under that licence is the percentage specified in that statement.

(6.) Where a licence is granted on an application under sub-section (1.) of section 51 of the *Petroleum (Submerged Lands) Act 1967*, the prescribed rate in respect of petroleum recovered under that licence is the same percentage as was applicable in respect of petroleum recovered under the original licence as defined by sub-section (1.) of that section.

(7.) The prescribed rate in respect of petroleum recovered under a licence granted by way of renewal of a licence is the percentage applicable

under the licence before renewal (or, if another percentage is fixed by the Parliament in respect of petroleum so recovered, that percentage) of the value at the well-head of the petroleum.

6.—(1.) Where the Designated Authority is satisfied that the rate of recovery of petroleum from a well has become so reduced that, having regard to the rate of royalty fixed by the last preceding section, further recovery of petroleum from that well would be uneconomic, the Designated Authority may, by instrument in writing, determine that the royalty in respect of petroleum recovered from that well shall be at such rate (being a rate lower than the rate fixed by the last preceding section) as the Designated Authority specifies in respect of such period as the Designated Authority specifies.

Reduction of royalty in certain cases.

(2.) The prescribed rate in respect of petroleum recovered, during the period specified in the determination, from the well to which such a determination relates is the rate so specified.

7.—(1.) Royalty under this Act—

- (a) is not payable in respect of petroleum that the Designated Authority is satisfied was unavoidably lost before the quantity of that petroleum was ascertained;
- (b) is not payable in respect of petroleum that is used by the permittee or licensee, as approved by the Designated Authority, for the purposes of petroleum exploration operations or operations for the recovery of petroleum; and
- (c) is not payable in respect of petroleum that, with the approval of the Designated Authority, is flared or vented in connexion with operations for the recovery of petroleum.

Royalty not payable in certain cases.

(2.) Where petroleum that has been recovered by a permittee or licensee is, with the approval of the Designated Authority, returned to a natural reservoir, royalty under this Act is not payable in respect of that petroleum by reason of that recovery but this sub-section does not affect the liability of that or any other permittee or licensee to pay royalty in respect of petroleum that is recovered from that natural reservoir.

8. For the purposes of this Act, the well-head, in relation to any petroleum, is such valve station as is agreed between the permittee or licensee and the Designated Authority, or, in default of agreement within such period as the Designated Authority allows, is such valve station as is determined by the Designated Authority as being that well-head.

Ascertainment of well-head.

9. For the purposes of this Act, the value at the well-head of any petroleum is such amount as is agreed between the permittee or licensee and the Designated Authority, or, in default of agreement within such period as the Designated Authority allows, is such amount as is determined by the Designated Authority as being that value.

Ascertainment of value.

Ascertainment
of quantity of
petroleum
recovered.

10. For the purposes of this Act, the quantity of petroleum recovered by a permittee or licensee during a period shall be taken to be—

- (a) the quantity measured during that period by a measuring device approved by the Designated Authority and installed at the well-head or at such other place as the Designated Authority approves; or
- (b) where no such measuring device is so installed, or the Designated Authority is not satisfied that the quantity of petroleum recovered by the permittee or licensee has been properly or accurately measured by such a measuring device—the quantity determined by the Designated Authority as being the quantity recovered by the permittee or licensee during that period.

Payment of
royalty.

11.—(1.) Royalty under this Act in respect of petroleum recovered during a royalty period is payable not later than the last day of the next succeeding royalty period.

(2.) Where an amount of royalty under this Act is not paid as provided by the last preceding sub-section, there is payable to the Commonwealth by the permittee or the licensee an additional amount calculated at the rate of one-third of one per centum per day upon the amount of royalty from time to time remaining unpaid, to be computed from the time when the royalty became payable until it is paid.

(3.) An additional amount is not payable under the last preceding sub-section in respect of any period before the expiration of seven days after the value of the petroleum was agreed or determined under section 9 of this Act.

Provisions
with respect to
Barracouta and
Marlin Fields
Production
Licences.

12.—(1.) The following provisions of a licence referred to in section 146 of the *Petroleum (Submerged Lands) Act 1967*, that is to say—

- (a) sub-clause (2) of clause 2; and
- (b) clauses 5, 7, 8, 9, 11 and 12,

shall be deemed to have effect as conditions of the licence as the licence has effect by reason of that section.

(2.) A reference in any provision referred to in the last preceding sub-section to the Minister shall be read as a reference to the Designated Authority.

(3.) Sections 5, 6, 9, 10 and 11 of this Act do not have effect in relation to a licence to which this section applies.

Royalty, &c.,
a debt due
to the
Commonwealth.

13. The following are debts due by the permittee or licensee to the Commonwealth and are recoverable in a court of competent jurisdiction:—

- (a) royalty under section 5 of this Act;
- (b) royalty payable by reason of the last preceding section;
- (c) an amount payable under sub-section (2.) of section 11 of this Act; and
- (d) an amount payable by reason of the last preceding section by reason of late payment of royalty referred to in paragraph (b) of this section.