



NATURAL GAS (INTERIM SUPPLY) ACT, 1985

No. 120 of 1985

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ANNO TRICESIMO QUARTO

ELIZABETHAE II REGINAE

A.D. 1985

No. 120 of 1985

An Act to secure from South Australia's natural gas reserves supplies of gas to meet the future needs of the State.

[Assented to 10 November 1985]

WHEREAS—

- (a) natural gas at, or below, the surface of land comprising the Cooper Basin region is vested in the Crown in right of South Australia;
- (b) the Authority and AGL are entitled, pursuant to contracts with the Cooper Basin producers, to the supply of natural gas from the Cooper Basin region;
- (c) the State, the Authority, the Cooper Basin producers and AGL are parties to various agreements that recognize that natural gas (including ethane) from the Cooper Basin region is required to satisfy the general needs of consumers in this State and as fuel gas and feedstock for a petrochemical industry in this State;
- (d) the State's reserves of petroleum may not be sufficient to meet the State's requirements for natural gas (including ethane) after 1987;
- (e) it is necessary, in the interests of industrial, commercial and domestic consumers in South Australia, to ensure that the natural gas (including ethane) referred to in paragraph (c) is available to the Authority for supply to consumers in this State:

BE IT THEREFORE ENACTED by the Governor of the State of South Australia, with the advice and consent of the Parliament thereof, as follows:

Short title.

1. This Act may be cited as the "Natural Gas (Interim Supply) Act, 1985".

Commencement.

2. (1) Subject to subsection (2), this Act shall be deemed to have come into operation on the 23rd day of October, 1985.

(2) Section 13 shall come into operation when the Act is assented to by the Governor.

3. (1) In this Act, unless the contrary intention appears—

Interpretation.

“this Act” includes the schedules to this Act:

“AGL” means Australian Gas Light Company:

“the Authority” means Pipelines Authority of South Australia:

“the Cooper Basin Indenture” means the indenture and appendices forming part of the indenture (a copy of which is set out in the schedule to the Cooper Basin (Ratification) Act, 1975) as amended from time to time:

“the Cooper Basin producers” means those persons who are, for the time being, entitled to produce natural gas from the Cooper Basin region:

“the Cooper Basin region” means the land delineated in the second schedule:

“crude oil” means naturally occurring petroleum that is liquid at standard temperature and pressure:

“cubic metre” in relation to gas means the amount of gas free of water vapour which would occupy a volume of 1 cubic metre at standard temperature and pressure:

“the Deed of Covenant and Release” means the deed known by that name made on 21 December, 1976, between—

The Australian Gas Light Company
 Norman Egan Connellan
 Alliance Petroleum Australia N.L.
 Basin Oil N.L.
 Bridge Oil Limited
 Delhi Petroleum Pty. Ltd.
 Pursuit Oil N.L.
 Reef Oil N.L.
 Santos Limited
 Total Exploration Australia Pty. Ltd.
 Vamgas Limited
 the State of South Australia
 the Authority:

“the Gas Sales Contract” means the contract known by that name made on 21 December, 1976, between—

Alliance Petroleum Australia N.L.
 Basin Oil N.L.
 Bridge Oil Limited
 Delhi Petroleum Pty. Ltd.
 Pursuit Oil N.L.
 Reef Oil N.L.
 Santos Limited
 Vamgas Limited
 the Authority:

“gigajoule” means 10^9 joules:

“megajoule” means 10^6 joules:

“natural gas” or “gas” means petroleum that is, or would be, gaseous at standard temperature and pressure:

“the P.A.S.A. Future Requirements Agreement” means the deed known by that name made on 21 December, 1976, between—

Alliance Petroleum Australia N.L.
 Bridge Oil Limited
 Bridge Oil Developments Pty. Ltd.
 Crusader Resources N.L.
 S.A. Oil and Gas Corp. Pty. Ltd.
 Delhi Petroleum Pty. Ltd.
 Reef Oil N.L.
 Basin Oil N.L.
 Vamgas Limited
 Santos Limited
 Total Exploration Australia Pty. Ltd.
 the Authority
 the Minister of Mines and Energy:

“petajoule” means 10^{15} joules:

“petroleum” means—

(a) any naturally occurring hydrocarbon or mixture of hydrocarbons;

or

(b) any naturally occurring mixture of substances containing a hydrocarbon or hydrocarbons:

“petroleum production licence” means a petroleum production licence under the Petroleum Act, 1940, and includes a sub-licence:

“producer” means the holder of a petroleum production licence:

“production” of natural gas or other hydrocarbons includes extraction or release of the gas or other hydrocarbons from a natural reservoir and “to produce” has a corresponding meaning:

“reserved sales gas” means the gas reserved by section 4 and includes ethane, butane and propane supplied with that gas in pursuance of section 5 (3):

“standard pressure” means an absolute pressure of 101.325 kilopascals:

“standard temperature” means 15 degrees Celsius:

“sub-licence” means a sub-licence granted under the Cooper Basin Indenture.

(2) A reference in this Act to reserves of petroleum is a reference to—

(a) petroleum existing in its natural condition at, or below, the surface of land;

or

(b) petroleum that has been returned, or has reverted, to a natural reservoir.

(3) For the purposes of this Act, a reference to a year is a reference to a period commencing at 6 a.m. on the first day of January and ending at 6 a.m. on the next succeeding first day of January.

4. (1) Out of reserves of petroleum in the Cooper Basin region natural gas (other than ethane, butane and propane) is reserved to meet the needs of industrial, commercial and domestic consumers in this State.

(2) The quantities reserved are as follows:

- (a) the aggregate of the annual contract quantities set out in the first schedule to the Gas Sales Contract for the years 1985, 1986 and 1987 reduced by the quantity of gas supplied to the Authority pursuant to that contract from 1 January, 1985, to the commencement of this Act;
- (b) 6.015 thousand million cubic metres of gas at standard temperature and pressure being the gas reserved by the Deed of Covenant and Release as fuel gas for a petrochemical industry in this State.

5. (1) The Cooper Basin producers shall supply reserved sales gas to the Authority in accordance with this section.

Obligation to supply reserved sales gas.

(2) The gas shall be supplied—

- (a) at the price set out in, or determined under, section 7 or, with the approval of the Minister, at a price agreed from time to time by the Authority and the Cooper Basin producers;
- (b) on terms and conditions set out in the first schedule or, with the approval of the Minister, on terms and conditions agreed from time to time by the Authority and the Cooper Basin producers.

(3) The Cooper Basin producers may include with the gas—

- (a) such quantities of ethane as are necessary to satisfy the requirements of this section;
- (b) such quantities of butane and propane as cannot practicably be separated from the gas,

and any quantities of ethane, butane and propane so included shall be taken into account as if they formed a part of the quantity of gas reserved by section 4.

(4) Subject to this Act, the volume of reserved sales gas to be supplied in each year shall be as follows:

- (a) in 1985—a volume of gas capable of providing 100 petajoules (gas supplied in 1985 before the commencement of this Act being taken into account);
- (b) in 1986—a volume of gas capable of providing 95 petajoules;
- (c) in 1987—a volume of gas capable of providing 95 petajoules;
- (d) in each subsequent year a volume (not exceeding a volume capable of providing 100 petajoules)—
 - (i) agreed by the Authority and the Cooper Basin producers;
 - or
 - (ii) if agreement is not reached within a period that the Minister considers to be reasonable, determined by the Minister.

(5) The Minister shall—

- (a) before making a determination under subsection (4) (d) give the Cooper Basin producers a reasonable opportunity to make representations to the Minister in relation to the determination;

(b) when making the determination have regard to—

- (i) representations (if any) made by the producers;
- (ii) the needs of industrial, commercial and domestic consumers in this State;

and

(c) not later than 6 months before the first day of January in the year to which the determination relates, give to the Authority and the Cooper Basin producers written notice of the determination and of the reasons for the determination.

(6) The Authority may, not later than 6 months before 1 January, 1988, or the first day of January of a subsequent year, by notice in writing served on the Cooper Basin producers, inform them that it does not require any (or requires part only) of the reserved sales gas to be supplied under this Act in that year and the notice may, where part only of the gas is required, stipulate that the gas must be supplied throughout the year or during specified parts of the year.

(7) The Cooper Basin producers shall comply with a notice served under subsection (6).

(8) The Authority is not obliged to accept reserved sales gas that the Cooper Basin producers are required to supply and where the Authority does not, in a particular year accept the volume of gas that the producers are required to supply, the obligation of the producers to supply reserved sales gas in that year is reduced to that extent.

Discharge of Gas
Sales Contract.

6. The Gas Sales Contract is discharged.

Price of reserved
sales gas.

7. (1) The price payable by the Authority for reserved sales gas is as follows—

- (a) for gas supplied in 1985—1.62 dollars for each gigajoule;
- (b) for gas supplied in subsequent years—
 - (i) until a new price payable by AGL to the Cooper Basin producers for natural gas from the Cooper Basin region comes into operation after the commencement of this Act, the price payable by the Authority shall be determined in accordance with the formula set out in subsection (2);
 - (ii) when a new price payable by AGL comes into operation the Authority shall pay that price and thereafter shall pay the same price as AGL for natural gas from the Cooper Basin region.

(2) The formula referred to in subsection (1) (b) (i) is as follows:

$$CP = BP \times \left[\frac{A}{B} \right]$$

where—

CP = the price payable for gas supplied in the year to which the determination relates

BP = \$1.10 for each gigajoule (being the price determined by arbitration between the Authority and the Cooper Basin producers in 1982)

- A = the Australian Implicit Price Deflator for Expenditure on Gross Domestic Product published in respect of the 3 month period ending on the thirtieth day of June last preceding the year in respect of which the determination is made
- B = the Australian Implicit Price Deflator for Expenditure on Gross Domestic Product published in respect of the 3 month period ending on the thirtieth day of June, 1981.
- (3) The Authority is liable to pay for all reserved sales gas supplied to, and accepted by, it.
- (4) If, in a particular year, the Cooper Basin producers are able and willing to supply 80 per cent or more of the volume of reserved sales gas fixed by, or under, section 5 (4) or fixed under section 5 (6) for supply in that year the Authority is, subject to subsection (5), liable to pay for 80 per cent of that volume of gas whether it accepts delivery of the gas or not.
- (5) The Authority is not liable to pay for gas that it is unable to accept by reason of circumstances beyond its control.
- (6) Any payments made by the Authority for gas that it has not accepted shall be set off against any future liability of the Authority for gas supplied under this Act in any year in excess of 80 per cent of the volume fixed by, or under, section 5 for supply in that year.
- (7) Prices shall be determined under this section to the nearest one hundredth of a cent (0.005 of a cent being increased to the next one hundredth of a cent).
8. (1) Subject to this section, all of the ethane that is comprised in the reserves of petroleum in the Cooper Basin region is reserved to meet the needs of industrial, commercial and domestic consumers in this State. Ethane.
- (2) The Cooper Basin producers may—
- (a) include such quantities of ethane as a component of the gas supplied to AGL as are necessary to ensure that the quality of the gas so supplied complies with the Letter of Agreement;
 - (b) supply ethane to the Authority in accordance with section 5 (3) and the terms and conditions set out in the first schedule;
 - (c) make efficient use of ethane as fuel for the operation of the liquids processing facility at Port Bonython;
- or
- (d) with the written approval of the Minister use the ethane for any other purpose that, in the opinion of the Minister, is in the interests of the State.
- (3) The approval of the Minister under subsection (2) (d) may be absolute or conditional.
- (4) Subject to this section, the Minister may, by notice in writing to the Cooper Basin producers, require them to supply to the Authority (in addition to, or in substitution for, any reserved sales gas that the Cooper Basin producers are required to supply under this Act) quantities of ethane specified in the notice in accordance with terms and conditions set out in the notice.

(5) The Minister shall not require the supply of ethane under subsection (4) unless, in the Minister's opinion, the quantity of reserved sales gas is so depleted that it is necessary to conserve that gas by drawing on reserves of ethane.

(6) The price payable by the Authority for ethane supplied under subsection (4) is the price that is or would be payable in accordance with this Act for reserved sales gas.

(7) The Minister may, by notice in writing to the Cooper Basin producers, vary a notice under subsection (4).

(8) In this section, unless the contrary intention appears—

“ethane” means ethane reserved by this section:

“Letter of Agreement” means the contractual rights and obligations subsisting between the Cooper Basin producers and AGL at the commencement of this Act under which the Cooper Basin producers are required to supply gas to AGL from the Cooper Basin region but does not include any subsequent amendment of those rights or obligations unless the amendment has been approved in writing by the Minister.

Application of gas
by Authority.

9. The gas to which the Authority is entitled under this Act must be applied to satisfy the needs of industrial, commercial and domestic consumers in this State.

P.A.S.A. Future
Requirements
Agreement Void.

10. The P.A.S.A. Future Requirements Agreement is void.

Restrictions on
the production of
natural gas.

11. (1) Notwithstanding any other Act or law, no person shall produce natural gas pursuant to a petroleum production licence except—

- (a) from the Cooper Basin region;
 - (b) for the purpose of supplying petroleum in pursuance of contractual obligations that existed at the commencement of this Act;
 - (c) where the production is an unavoidable consequence of production of crude oil;
 - (d) during the drilling or testing of a well;
 - (e) for a purpose approved by the Minister;
- or
- (f) for a purpose incidental to any of those referred to above.

(2) The Minister shall grant approval sought pursuant to subsection (1) (e) unless to do so would, in the Minister's opinion, be detrimental to the interests of industrial, commercial and domestic consumers in this State.

(3) The Minister's approval under subsection (1) (e) may be absolute or conditional.

Consequence of
contravention of
or failure to
comply with this
Act.

12. (1) Where a producer contravenes or fails to comply with a provision of this Act or a requirement of a notice served on the producer by the Minister under this Act, the Minister may, by notice published in the *Gazette*—

- (a) vary, suspend or cancel a petroleum production licence held by the producer;

or

(b) vary or revoke conditions attached to such a licence or attach new conditions to the licence.

(2) The Minister shall not publish a notice under subsection (1) unless—

(a) at least 1 month before doing so, a written notice has been given to the producer requiring the producer to remedy the default within a reasonable period specified in the notice;

and

(b) the default was not remedied within that period or, having been remedied, subsequently recurred and the default, or the recurrence of the default, was not due to circumstances beyond the producer's control.

(3) Where a licence is cancelled under subsection (1), all plant and equipment of the producer for the production or treatment of petroleum on the area of the cancelled licence vests in the Crown.

(4) The producer may, by action against the Crown in the Supreme Court, recover an amount equal to the value of plant and equipment that vests in the Crown under subsection (3).

13. (1) A person who knowingly contravenes or fails to comply with a provision of this Act or a requirement of a notice served on that person by the Minister under this Act is guilty of an offence. Offences.

Penalty: \$1 000 000.

(2) Where a person knowingly contravenes or fails to comply with a provision of this Act or a requirement of a notice served on that person by the Minister under this Act the Minister may, by notice in writing, require the offender to desist from the contravention or remedy the default and if the offender fails to comply with the notice the offender shall be guilty of an offence and liable to a penalty not exceeding \$100 000 for every day for which the failure continues.

(3) The offences constituted by this section are summary offences.

14. It is a defence to a charge of an offence against this Act for the defendant to prove that the circumstances alleged to constitute the offence arose from circumstances beyond its control. Defence.

15. Notwithstanding the provisions of any other Act or instrument—

(a) no action lies against the Minister—

(i) to compel, or to restrain, the granting of an approval under this Act;

(ii) to compel, or to restrain, the Minister from exercising any other powers under this Act;

(b) no action lies against the Authority or a member or employee of the Authority or any person acting on behalf of the Authority to compel, or to restrain, the exercise of any of the Authority's powers under this Act;

(c) no civil liability is incurred by the Crown, the Minister, the Authority, a member of the Authority or an employee, or a

Limitation on liability of Minister, Crown, etc.

person acting on behalf, of the Crown or the Authority or by the Cooper Basin producers or any of them or any of their officers or employees or any person acting on behalf of them or any of them—

(i) in relation to any step taken towards the enactment of this Act;

or

(ii) in relation to the giving of an approval or the exercise of any other power under this Act;

(d) no civil or criminal liability is incurred by a producer or other person by reason of compliance with this Act;

(e) no right to enforce a loan agreement, mortgage or other security arises by reason of compliance with this Act or an obligation imposed under this Act.

FIRST SCHEDULE

1. DEFINITIONS

In this schedule, unless the contrary intention appears—

- “day” means a period of 24 hours beginning at 6.00 a.m. South Australian time;
- “delivery point” means the outlet of the meter station at Moomba or any other place for the time being agreed by the Authority and the producers to be the delivery point;
- “gas” means reserved sales gas;
- “heating value” means the number of megajoules produced by the complete combustion, at a constant pressure, of one cubic metre of gas with air where the temperature of the gas, air and product of combustion is 15 degrees Celsius and all of the water formed by the combustion reaction is condensed to a liquid state;
- “the pipeline” means the high pressure steel pipeline and related facilities owned and operated by the Authority pursuant to the provisions of the Pipelines Authority Act, 1967, and pursuant to pipeline licence No. 1 issued under the Petroleum Act, 1940;
- “the producers” means the Cooper Basin producers;
- “the producers’ representative” means the company that is for the time being the producers’ representative under the Unit Agreement;
- “the uniform rate” in respect of a particular year means the rate required to deliver the volumes of gas that the producers are required to supply under this Act in that year on the basis that the volumes delivered on each day of the year (or on each day of that part of the year during which gas is to be supplied) will provide equal amounts of energy;
- “the Unit Agreement” means the Unit Agreement defined in the Cooper Basin Indenture.

2. SUPPLY

- (a) The gas shall be supplied by the producers without interruption (unless the interruption is unavoidable or is necessary for the maintenance of equipment or other facilities) to the Authority at the delivery point.
- (b) The gas shall be supplied by the producers in proportions that correspond to the Gas Unit Participation of each producer applying for the time being under the Unit Agreement.
- (c) The Authority must, within 10 days of the commencement of this Act, by notice in writing, inform the producers of the quantity of gas that it estimates it will require in each of the first 3 months following the commencement of this Act.
- (d) The Authority must, at least once in each consecutive period of 3 months following the commencement of this Act, by notice in writing, inform the producers of the quantity of gas that it estimates it will require in each of the immediately succeeding 12 months.
- (e) The producers’ representative must at least once in each consecutive period of 3 months following the commencement of this Act, by notice in writing, inform the Authority of the estimated heating value of the gas to be delivered in each of the immediately succeeding 12 months.

3. PASSING OF PROPERTY IN GAS

The property in gas shall pass to the Authority at the delivery point.

4. STATEMENTS AND PAYMENT

- (a) On or before the tenth day of each month the producers’ representative shall provide the Authority with a statement of the amounts payable to each of the producers for the gas delivered during the immediately preceding month. The statement shall explain the calculation of those amounts.
- (b) The money payable by the Authority pursuant to this Act shall be paid—
- (i) at the direction of the producer concerned;
 - or
 - (ii) where no direction has been given by a producer, to the producers’ representative on behalf of the producer.
- (c) The Authority shall make payment on or before the twentieth day of each month or within 10 days after it receives the statement (whichever is later).
- (d) All payments shall be made by the Authority in South Australia.

5. MAXIMUM DAILY RATES

- (a) Subject to paragraph (c), the producers shall supply gas at a rate fixed from time to time by the Authority.
- (b) The Authority may fix a rate for the purposes of this clause and may, at any time, vary such a rate.
- (c) The producers are not required to supply gas at a rate exceeding the maximum rate.
- (d) The maximum rate is—
- (i) in respect of gas supplied in 1985—120 per cent of the uniform rate;
 - (ii) where the volume of gas to be supplied in a subsequent year will provide more than 90 petajoules—120 per cent of the uniform rate;
 - (iii) where the volume of gas to be supplied in a subsequent year will provide 90 petajoules or less—the prescribed percentage of the uniform rate.
- (e) The prescribed percentage of the uniform rate shall be determined in accordance with the following formula:

$$P = 120 + \frac{(90 - PJ)}{2}$$

where—

- P** = the prescribed percentage
PJ = the number of petajoules that the volume of gas to be supplied in a particular year will provide.

6. DELIVERY PRESSURE

- (a) Notwithstanding any other provision of this Act, the producers are not required to deliver gas at a pressure greater than 6 895 kilopascals and they shall not, in any event, deliver gas at a pressure greater than 7 322 kilopascals.
- (b) Subject to paragraph (a), the flow of gas at the delivery point shall not vary to a greater extent than is dictated by field, plant and pipeline operating methods and conditions.

7. QUALITY OF GAS

- (a) The gas shall be of the quality specified in the appendix.
- (b) Subject to paragraph (c), the quantity of ethane included as a component of the gas shall not be greater than is necessary to ensure that the quality of the gas complies with the specifications in the appendix.
- (c) The producers—
- (i) shall include additional ethane with the gas where required to do so by the Minister under this Act;
 - and
 - (ii) may include additional ethane with the gas subject to the written approval of the Minister.

8. MEASUREMENTS AND TESTS

- (a) All measurements and tests of the quantity and quality of gas must be made in accordance with the appendix and with equipment provided and maintained by the producers at or near the delivery point or at such other place or places as the Authority and the producers agree.
- (b) The producers shall permit the Authority—
- (i) to have access to the measuring and testing equipment at all reasonable times for inspection purposes;
 - (ii) to be present during testing of the quality and quantity of gas;
 - and
 - (iii) to be present when measuring or testing equipment is cleaned, installed, repaired, inspected, calibrated or adjusted.
- (c) (i) the producers shall retain for at least 4 years all records of measurements and tests made under this clause and all charts and calculations derived from those measurements and tests;
- and
- (ii) at the Authority's request the producers shall submit to the Authority those records, charts and calculations for inspection and verification by the Authority.

9. NOTICES

A notice, statement or other written communication shall be deemed to have been given to a producer if served personally on, or sent by registered post or by telegram, telex or cable to, the producer at its last known address and shall be deemed to have been given to the Authority if sent to the Authority by registered post or by telegram, telex or cable.

10. PRODUCERS' REPRESENTATIVE

The producers' representative has full power and authority to perform the following acts on behalf of all, or any one, of the producers:

- (i) give and receive notices of, and make and witness, all tests to be made of the gas delivered under this Act and the measuring equipment, and make adjustments to all measuring and testing equipment;
- (ii) measure and test the gas delivered under this Act;
- (iii) give and receive notices of quantities and of changes in quantities of gas to be delivered under this Act;
- (iv) provide the Authority with all statements and accounts covering all amounts due to each of the producers under this Act.

Appendix

1. QUALITY

The quality of the gas shall comply with, or be better than, the following:

- (a) Where no agreement to the contrary has been made by the Authority and the producers, the average heating value of the gas delivered at the delivery point in any day must not be less than 37.45 megajoules per cubic metre. Where such an agreement has been made, the average heating value must not be less than 36.69 megajoules per cubic metre.
- (b) (i) The formula for the Wobbe Index is:

$$W.I. = \frac{H.V.}{(S.G.)^{1/2}}$$

where—

- W.I. = the Wobbe Index
 H.V. = Heating Value in megajoules per cubic metre
 S.G. = Specific Gravity relative to air on the basis that the specific gravity of air equals 1.000;

- (ii) Unless otherwise agreed by the Authority and the producers, the average value for the Wobbe Index of the gas delivered in any day must not be less than 47.4 nor more than 51.5.
- (c) The gas, at the time of delivery, must be at a temperature of not more than 71 degrees Celsius.
- (d) The gas shall comply with the following requirements:
- (i) it must not contain more than 11.5 milligrams per cubic metre of hydrogen sulphide;
 - (ii) it must not contain more than 115 milligrams per cubic metre of total sulphur;
 - (iii) it must not contain more than 23 milligrams per cubic metre of mercaptans;
 - (iv) it must not contain more than 0.2 per cent by volume of oxygen;
 - (v) it must not contain more than 112 milligrams per cubic metre of water vapour;
 - (vi) it must not contain more than 3 per cent by volume of carbon dioxide;
 - (vii) the hydrocarbon dew point of the gas must be sufficiently low to prevent condensation of gas in the pipeline.
- (e) In addition to meeting the above specifications the gas so delivered shall be commercially free from dust gums, gum forming constituents or other liquid or solid matter which might cause injury to, or interference with, proper operation of pipeline regulators, meters or other appliances through which it flows.

2. MEASUREMENT

- (a) The producers shall provide and maintain in satisfactory working order and condition at the delivery point a measuring station with such—
- (i) meters, gauges and other equipment as will make possible the determination of the daily quantities of gas delivered by the producers to the Authority;
- and
- (ii) meters, gauges and other equipment that may be immediately substituted in the event of the breakdown of any of the meters, gauges or other equipment referred to in subparagraph (i).
- Subject to this appendix all equipment installed for these purposes shall be agreed by the producers and the Authority or, on failure to agree, shall be in accordance with the directions of the Minister.
- (b) Procedures and equipment involved in measuring and recording the quantity and characteristics of gas supplied under this Act shall, except as otherwise specified in this appendix be in accordance with such standards as are agreed by the producers and the Authority or, on failure to agree, as are fixed by the Minister from time to time.
- (c) As soon as possible after measuring the quantity or characteristics of the gas supplied the producers shall convey that information to the Authority.
- (d) The producers shall deliver to the Authority within a reasonable time of the completion of each day a copy of the daily sales log.
- (e) The accuracy of the producers' measuring equipment shall be verified at least once a month on a date as near the first of the month as practicable and at other times upon request of the Authority or the producers. The producers shall give the Authority notice of the time of such tests of meters sufficiently in advance of the holding of the test that the Authority may if it desires have representatives present. Tests and adjustments shall be made in the presence of, and observed by, representatives of both the Authority if present and the producers. If, after notice, the Authority fails to have representatives present the results of the tests and adjustments shall nevertheless be considered accurate until the next tests and adjustments have been made.
- (f) The accuracy of measuring equipment shall be verified on the basis that—
- (i) acceleration due to gravity at the delivery point is 9.79146 metres per second per second;
 - (ii) the density of air is 1.2257 kilograms per cubic metre at standard temperature and pressure.
- (g) The Authority shall reimburse the producers for the costs of tests of measuring equipment (other than the monthly tests required by paragraph (e)) carried out at the Authority's request unless the equipment is shown not to have been operating within the permissible limits of tolerance agreed by the Authority and the producers or fixed by the Minister.
- (h) Limits of Errors in Measuring and Recording Equipment

All measuring equipment shall be tested for accuracy using such methods as are agreed in writing by the Authority and the producers or, on failure to agree, as are determined by the Minister.

(i) Calorimeters

When a test reveals that a calorimeter is in error by 0.5 per cent or less it shall be deemed to be accurate but shall be adjusted as soon as possible to eliminate the error that does exist.

(ii) Specific Gravity Recorders

When a test reveals that a specific gravity recorder is in error by 0.003 or less it shall be deemed to be accurate but shall be adjusted as soon as possible to eliminate the error that does exist.

(iii) Other Measuring or Recording Equipment

If any other equipment is found to be inaccurate it shall be corrected as soon as possible.

(iv) If the values recorded by inaccurate equipment have been used in the calculation of gas quantities delivered then the quantity calculated for the day immediately preceding the day of discovery of the inaccuracy shall be compared with the quantity recalculated for the same day using corrected values. If the difference is 2 per cent or less of the quantities calculated using the inaccurate readings all readings of the equipment since the previous test shall be deemed to be correct.

(i) Correction of Readings

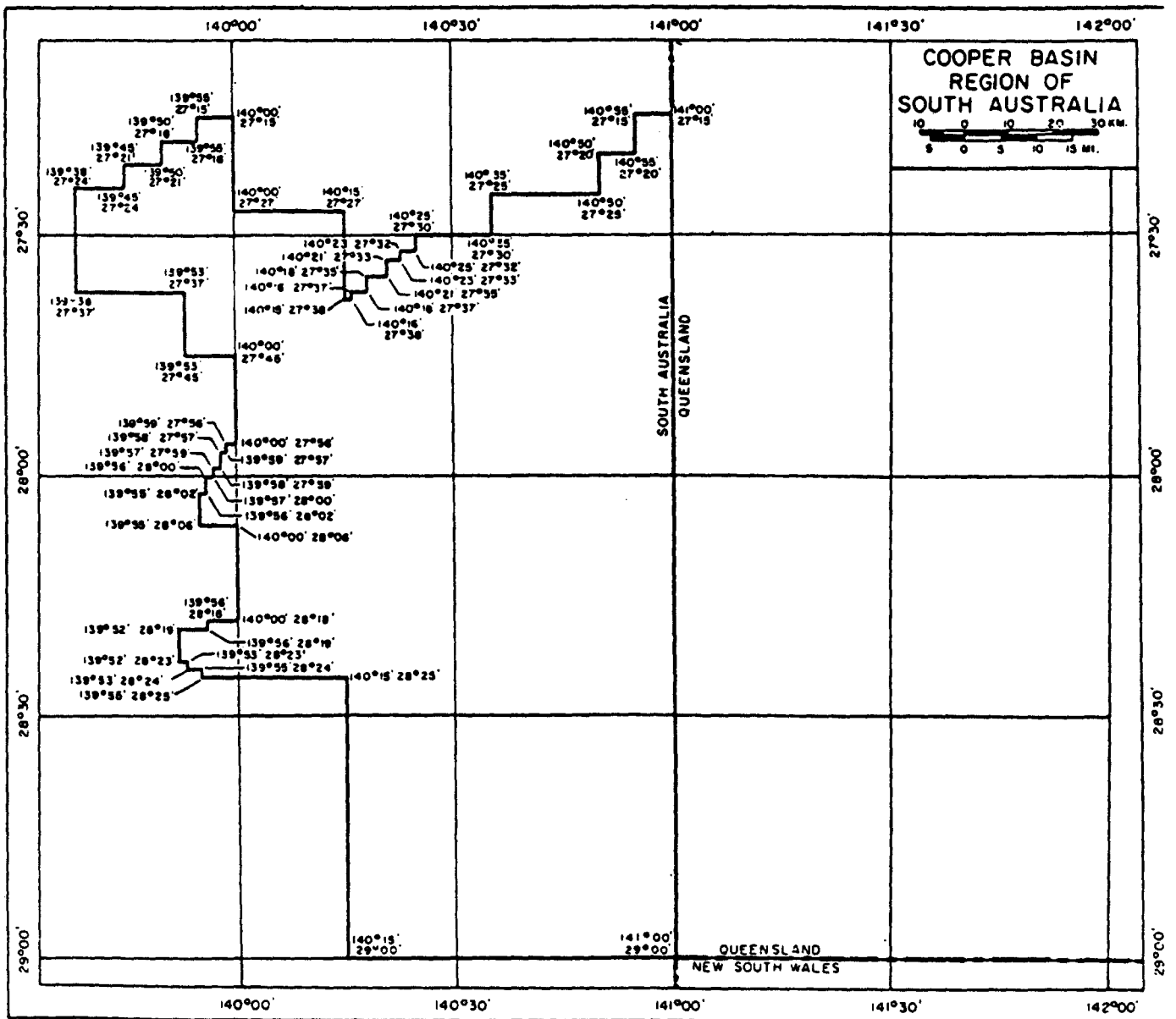
If the error in measuring equipment exceeds the limits set out in paragraph (h) any previous readings of such equipment shall be corrected for any period of inaccuracy which is definitely known or agreed by the producers and the Authority and the quantities for such period shall be corrected by recalculation using the corrected reading provided that the period for which such correction will apply shall not extend beyond the date of the preceding test. In case the period of inaccuracy is not known or agreed upon then the correction of the quantities shall be calculated for the period since the day of the preceding test of the equipment concerned but the correction shall be based on one half of the error shown at the most recent test of the equipment. Where quantities are corrected, the corrected figure or figures shall be regarded as the quantity delivered during the period of correction.

(j) Failure of Measuring Equipment

If for any period measuring equipment fails to make measurements or records necessary for ascertaining or computing the quantity of gas delivered during that period so that the quantity cannot be ascertained or computed from those measurements or records the quantities of gas delivered during the period of failure shall be estimated as nearly as possible by using the best method available for the purpose.

(k) The producers shall deliver to the Authority within a reasonable time after cleaning, installing, repairing, inspecting, calibrating or adjusting any of the producers' measuring equipment a certified inspection report for the equipment.

SECOND SCHEDULE



In the name and on behalf of Her Majesty, I hereby assent to this Bill.

D. B. DUNSTAN, Governor