

# PETROLEUM (AMENDMENT) BILL.

## EXPLANATORY MEMORANDUM.

The main purposes of the Bill are—

1. To provide for the storage of petroleum or derivatives of petroleum in natural underground reservoirs.
2. To abolish petroleum prospecting licences.
3. To sever all connexions between the Petroleum Act and the Mines Act.

*Clause 1* is the usual citation and commencement provision and allows for the several provisions of the Act to come into operation by successive proclamations.

*Clause 2* defines "Prescribed petroleum product" as any product of petroleum so declared and includes prescribed petroleum products in the definition of petroleum.

*Clause 3* amends section 24 of the Act to provide that petroleum leases may be granted over any land other than land held under a subsisting lease or permit by a person other than the applicant for lease.

It also deletes one of the many references in the Act to the Mines Act.

*Clause 4* provides that a lease may be granted subject to such conditions as the Governor in Council thinks fit.

*Clause 5* deletes from section 27 of the Act expressions linking leases to the Mines Act and amends it to allow renewals of leases to be granted for less than fifteen years.

*Clause 6* amends the provisions with regard to the covenants that shall be included in a lease, by— deleting all connexions with the Mines Act ;

providing that royalty is not payable again on petroleum or a prescribed petroleum product recovered from an underground reservoir if royalty has already been paid on the petroleum or on the petroleum from which the product is derived ; and

by providing that a lessee shall do all such things as are prescribed or required by the Minister for the injection storage or recovery of petroleum from an underground reservoir.

*Clause 7* extends the rights granted by a lease to include the injection, storage and recovery of petroleum from a natural reservoir. It provides that the Lifts and Cranes Act and the Scaffolding Act shall not apply to drilling operations and that the Pipelines Act shall not apply to gathering lines, i.e. pipelines wholly within the area leased.

*Clause 8* provides that royalty is not payable on petroleum, including a prescribed petroleum product, in respect of which royalty has been paid.

*Clause 9* provides that a lessee shall furnish such returns as are prescribed giving all details necessary to compute the royalty payable.

*Clause 10* provides that a lessee shall within six months after being granted the lease, or such further time as the Minister allows, commence drilling and continue to drill wells with reasonable diligence.

It also provides that where the Minister is satisfied that a well is successful the lessee is required to submit a proposal for its development.

*Clause 11* provides that a lessee shall furnish such reports as are prescribed.

*Clause 12* provides that a lessee shall exercise reasonable diligence in drilling and operating wells in connexion with the production of petroleum or its storage in a natural reservoir and that the Minister may give directions as to the manner in which they are to be operated.

*Clause 13* amends sections 36, 37, 41, 42, 43, 37, 50, 51, 71, 79, 80, 81 and 82 to allow for operations connected with storage underground, and deletes references to the Mines Act.

*Clause 14* amends section 65 of the Act to allow petroleum exploration permits to be granted for any area up to 12,500 square kilometres. At present permits cannot be granted for less than 2,500 square kilometres unless the Minister considers a lesser area is necessary or desirable.

*Clause 15* provides that a permit may be granted subject to such conditions as the Minister thinks fit.

*Clause 16* provides that a permit commences on the date it is granted by the Minister, not from the first day of the month next after application as at present.

*Clause 17* provides that a permittee who has performed satisfactorily shall have a preferential right to a lease of any or all of the land held under permit.

*Clause 18* provides that certain information supplied by the holder of a permit or lease shall be confidential and shall not be disclosed unless with the prior consent of the holder ; or unless the Minister deems disclosure is in the public interest ; or unless the information is geological and it is necessary for the interpretation of mineral resources geological structure or sequences ; or unless the information has been made publicly known by the holder of a lease or permit ; or unless certain specified periods have elapsed from the time the information was supplied. These periods are—5 years where a permit is in force ; 1 year where a lease is in force ; 6 months after termination where a permit or lease has been terminated. Where the information was supplied when no lease or permit was or is in force the period is determined by the Minister.

Any such information may be made available to any person on payment of a fee of \$20 per day.

*Clause 19* makes all the necessary amendments to all relevant sections of the Act to delete all references to petroleum prospecting licences. It also makes an amendment of section 75 of the Act, which applies certain provisions of the Act to Petroleum Exploration Permits, by adding a reference to section 30 (3) and 30 (4).