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BACKGROUND PAPER

on

THE AUSTRALIAN OFFSHORE OIL INDUSTRY

and the

INTERNATIONAL & DOMESTIC REGULATORY REGIME

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LAW OF THE SEA

1. In its widest sense, 'The Law of the Sea' stands for the entire regime of international maritime law and includes not only maritime private law but also commercial or mercantile law, as well as the law relating to safety of life at sea, transport of goods and passengers by sea, coupled with the jurisdiction exercisable on the waters of the ocean.

2. Efforts at codification of the law of the open sea and territorial waters began in 1925, but it was not until 1958 that recognisable multilateral instruments were accepted. Before 1958, therefore, the law was left to be determined by the customary principles of international law which had evolved through the centuries (although certain aspects were embodied in specific multilateral treaties, such as the Brussels Regulations on Collisions of 1910 and the early conventions on safety of life at sea in 1914 and 1929.

3. The Geneva Conventions of 1958 covered the territorial sea and contiguous zone, the high seas, fishing and conservation and the continental shelf. However, the law of the sea continued to evolve and the Third Law of the Sea Conference, convened in 1973, set out to codify areas of maritime activity which had not previously been regulated in a formal way. The result is the 1982 Convention on the Law of the Sea (LOS), which will come into force internationally on 16 November 1994. Australia is actively considering ratification.

4. The LOS Convention substantially continues the regime set out in the Geneva Conventions, generally with more detail and clarity, and covers some important new ground. Of particular interest is the introduction of rules covering the Exclusive Economic Zone, straits used for international navigation, archipelagic states and the control of deep sea-bed mining.

5. The LOS Convention contains a whole Part—Articles 192 to 237—on the protection and preservation of the marine environment. This is dealt with in more detail below.

The zones

6. The sea is divided into different zones: the territorial sea, the contiguous zone, the exclusive economic zone and the continental shelf.

Territorial sea:

7. Every State has the right to establish the breadth of its territorial sea up to a limit not exceeding 12 nautical miles, measured from baselines determined in accordance with the Convention (Art.3). The baseline is normally the low water mark, but there are variations allowed, such as across the mouth of a bay. Australia's territorial sea is now 12 nautical miles.

8. The sovereignty of a coastal State extends, beyond its land territory and internal waters, to its territorial sea (Art.2), subject to the right of ships of all States to enjoy 'innocent passage' through the territorial sea (Art.17). The coastal State may impose laws on ships traversing its territorial sea, providing that such laws are for certain defined purposes, such as the safety of navigation, the protection of the environment of the coastal State and the

prevention of infringement of customs, fiscal, immigration or sanitary laws of the Coastal State (Art.21).

Contiguous zone

9. In a zone contiguous to its territorial sea, described as the contiguous zone, a coastal State may exercise the control necessary to prevent or punish infringement of customs, fiscal, immigration or sanitary laws within its territory (Art.33(1)). The contiguous zone may not extend beyond 24 nautical miles from the baselines (Art.33(2)). Australia has declared a 24 nautical mile contiguous zone.

Exclusive economic zone (EEZ)

10. The EEZ is an area beyond and adjacent to the territorial sea where the coastal State has certain rights and jurisdiction, subject to certain rights and freedoms of other States (Art.55).

11. The rights of the coastal State are (Art.56):

- sovereign rights for the purpose of exploring and exploiting , conserving and managing the natural resources, whether living or non-living, of the waters superadjacent to the sea-bed and of the sea-bed and its subsoil....
- jurisdiction with regard to the establishment of artificial islands, installations and structures; marine scientific research; and protection and preservation of the marine environment.

12. The EEZ may not extend beyond 200 nautical miles from the baselines (Art.57). For Australia, a Proclamation is currently being prepared to declare a 200 nautical mile EEZ, which will come into force shortly.

13. In the EEZ, the coastal State has the exclusive right to construct and to authorise and regulate the construction, operation and use of installations and structures (Art.60(1)). Due notice must be given and abandoned or disused structures must be removed to ensure safety of navigation (Art.60(3)). The coastal State may establish reasonable safety zones around installations (Art.60(5)), but such zones must not exceed 500 meters in width (Art.60(5)).

14. Subject to the coastal State's specific rights set out in the LOS Convention, other States have the same rights as they have generally on the high seas.

The continental shelf

15. Since the development of the concept of the EEZ, the importance of the continental shelf has diminished somewhat. However, it is still relevant where the continental shelf extends beyond the limit of the EEZ. Article 76 contains a definition of the continental shelf, Article 77 provides that the coastal State has sovereign rights for the purpose of exploring it and exploiting its natural resources, and Article 80 in effect extends to the continental shelf the rights that the coastal State has in the EEZ relating to artificial installations.

Protection of the marine environment

16. Article 192 of the LOS Convention provides simply that States have the obligation to protect and preserve the marine environment. Article 193 provides, almost as simply, that States have the sovereign right to exploit their

natural resources pursuant to their environmental policies and in accordance with their duty to protect and preserve the marine environment.

17. More specifically, Article 208 provides as follows:

1. Coastal States shall adopt laws and regulations to prevent, reduce and control pollution of the marine environment arising from or in connection with sea-bed activities subject to their jurisdiction and from artificial islands, installations and structures under their jurisdiction, pursuant to Articles 60 and 80.

2. States shall take other measures as may be necessary to prevent, reduce and control such pollution.

3. Such laws, regulations and measures shall be no less effective than international rules, standards and recommended practices and procedures.

4. States shall endeavour to harmonise their policies in this connection at the appropriate regional level.

5. States, acting especially through competent international organisations or diplomatic conference, shall establish global and regional rules, standards and recommended practices and procedures to prevent, reduce and control pollution of the marine environment referred to in paragraph 1. Such rules, standards and recommended practices and procedures shall be re-examined from time to time as necessary.

SPECIFIC INTERNATIONAL INSTRUMENTS

18. There are already a number of international instruments addressing in detail the subjects referred to in the LOS Convention. Those of immediate interest are discussed below.

International Convention for the Prevention of Pollution of Ships (MARPOL)

19. Australia is a signatory to the MARPOL 73/78 Convention, which is currently in force in some 84 countries. MARPOL is applicable to offshore production facilities by virtue of a broad definition of "ship", which includes "...fixed or floating platforms." Requirements for offshore production facilities are expressly dealt with in respect of the disposal of oil and garbage.

20. Regulation 21 of Annex I to MARPOL 73/78 sets out detailed requirements for the discharge of oil from drilling rigs and other platforms. It should be noted, however, that the provisions of MARPOL are only applicable to machinery space drainage, and not to offshore processing drainage, production water discharge or displacement discharge. Essentially, the oil content of discharges of oil or oily mixture into the sea must not exceed 15 parts per million, and facilities are required to be equipped "as far as practicable" with an oil discharge monitoring and control system and tanks for oil residues.

21. Regulation 4 of Annex V sets out the requirements for the disposal of garbage. The disposal of garbage is prohibited from fixed or floating platforms, except for the disposal of food wastes which is permitted when the waste is

ground or comminuted and the facility is more than 12 nautical miles from the nearest land.

CLC Convention

22. A compulsory insurance regime which covers oil carried on tankers as cargo has been in force internationally since 1975. A part of this regime is the International Convention on Civil Liability for Oil Pollution Damage 1969 (known as "CLC"), which requires the owners of oil tankers to carry insurance for oil pollution damage to specified limits. CLC applies to "any sea-going vessel and any seaborne craft of any type whatsoever, actually carrying oil in bulk as cargo."

23. The question has arisen in the past as to the applicability of this Convention to floating production facilities, several of which are converted oil tankers. While these facilities are clearly "seaborne craft", doubt was expressed as to whether the oil they are carrying could be considered "cargo". The conclusion which has been arrived at is that CLC was not intended to apply to such vessels unless they are actually operating as a carrier and not merely as a storage facility. Consequently, the Australian Government does not require floating production facilities to be insured under the Convention.

Protocol for the suppression of unlawful acts against the safety of fixed platforms located on the continental shelf

24. This 'add-on' to the Convention for the Suppression of Unlawful Acts Against the Safety of Maritime Navigation (known as the Rome Convention) is implemented in Australia by Part 3 of the *Crimes (Ships and Fixed Platforms) Act 1992*. It provides criminal penalties for certain actions taken against a fixed platform, defined as 'an artificial island, installation or structure permanently attached to the sea-bed for the purpose of exploration for, or exploitation of, resources or for other economic purposes'.

Salvage Convention

25. The 1989 Salvage Convention replaces the 1910 Convention for the Unification of Certain Rules of Law relating to Assistance and Salvage at Sea. The Convention applies to the salvage operations undertaken to assist any vessel or other property in danger, a vessel being defined (in Article 1(b)) to mean 'any ship or craft, or any structure capable of navigation'. The Convention does not, however, apply to 'fixed or floating platforms or to mobile offshore drilling units when such platforms or units are on location engaged in the exploration, exploitation or production of seabed mineral resources' (Article 3).

26. One of the major innovations of the Convention is the recognition it gives to the need to protect the environment. To this end, Article 14 provides that special compensation, at least equivalent to expenses, is payable to the salvor by the owner of a vessel in respect of salvage operations where the vessel or its cargo threaten damage to the environment. In such a case, where the salvage operations have prevented or minimised damage to the environment, the special compensation payable by the owner of the vessel to the salvor may be increased.

London (Dumping) Convention

27. The Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (known as the London Convention), is implemented in Australia by the *Environment Protection (Sea Dumping) Act 1981*. It prohibits certain deliberate disposals at sea, including from fixed platforms, without a permit.

Safety conventions

28. There are no multilateral Conventions dealing specifically with the safe operation of installations. There are, however, a number of Conventions dealing with the safety of navigation, which have application to the movement of mobile installations and the operation of vessels in the vicinity of installations. See paragraphs 55 to 66 below.

AUSTRALIA'S OFFSHORE PETROLEUM INDUSTRY

The importance of the industry

29. The overwhelming bulk of Australia's petroleum production comes from offshore wells (87% of crude oil and condensate, and 72% of natural gas production). A shift in the balance of production away from the traditional area of Bass Strait toward the more recently discovered fields offshore north west Australia, such as the Jabiru and Challis fields in the Bonaparte Basin and developments in the Carnarvon Basin has been occurring in recent years although Bass Strait oil and condensate currently accounts for about half of total annual Australian crude oil and condensate production

30. The Australian petroleum industry is crucial to the Australian economy. Australia is heavily reliant on transport which accounts for about 68% of oil consumption. This reliance will continue as alternatives will not be readily available for a long time. The industry also supplies large quantities of environmentally clean natural gas to industry and consumers.

31. Petroleum exploration and development provides a major contribution to Australia's balance of payments, saving annually more than $5 billion in imports of crude oil. This is in addition to the current annual export earnings of $4.6 billion Australia gains from sales of crude, petroleum products and, increasingly, liquefied natural gas (LNG). LNG exports are predicted to rise to more than $3 billion by 1995. On an annual basis, the petroleum industry contributes over $1 billion in Government revenues.

Offshore facilities

32. There are currently 46 offshore production facilities in place or under construction offshore Australia (see Attachment 1). It is interesting to note that two of these are mobile drilling units modified to serve as production facilities (the *Vicksburg* and the *Hakuryi VII*), offshore Western Australia. A number of the others are floating production facilities which can be detached in some circumstances and moved for maintenance.

33. In the last five years between 39 and 64 exploration wells have been drilled offshore Australia each year while the number of offshore development wells has ranged between about 10 and 30.

34. At present there are 7 mobile offshore drilling units (MODU's) actively operating in Australian waters, other than the two aforementioned units used for production. There are also two additional inactive units. This level is representative of the Australian MODU count in recent years.

The Offshore Petroleum Legislative Regime

35. Petroleum operations in Australia, beyond coastal waters, are governed by Commonwealth legislation known as the *Petroleum (Submerged Lands) Act 1967* (the P(SL) Act). The passage of the *Seas and Submerged Lands Act 1973* and the resolution of related constitutional issues by the High Court in 1975 when it upheld that Act's assertion of sovereign rights of the Commonwealth over the offshore area from the low water mark resulted in a readjustment of powers and responsibilities between the Commonwealth and the States.

36. At the Premiers' Conference in June 1979, the Commonwealth and the States completed an agreement on the offshore constitutional issues known as the Offshore Constitutional Settlement which, amongst other things, established the principles underlying the regulatory regime which applies to offshore petroleum exploration and exploitation. As far as petroleum is concerned:

- all offshore mining and petroleum activity are conducted in accordance with a common mining code
- Commonwealth legislation applies beyond the 3 nautical mile coastal waters and State legislation within the 3 nautical mile coastal waters. State Governments are solely responsible for administering offshore petroleum matters within the coastal waters subject to transitional arrangements for pre-existing permits and licences spanning the coastal waters outer boundary. State jurisdiction for petroleum and mining remains at the 3 nautical mile limit despite Australia having adopted a 12 nautical mile territorial sea.
- Joint Authorities were established to administer the Commonwealth offshore petroleum legislation, consisting of the responsible Commonwealth Minister and the relevant State Minister. The Joint Authorities are responsible for decisions on important matters arising in the legislation. The view of the Commonwealth Minister prevails in the case of any disagreement.
- Day-to-day administration and supervision of operations is in the hands of a Designated Authority (State Minister) appointed for the "adjacent area" of each State and the Northern Territory. Exceptions to this are the Territory of Ashmore and Cartier Islands, offshore areas of Norfolk Island, Christmas Island, Cocos (Keeling) Islands and Heard and McDonald Island Territories which are administered by the Commonwealth. The Commonwealth has delegated most administration of operations in respect to the Territory of Ashmore and Cartier Islands to the relevant Northern Territory Minister and his officials.

37. Within State/ Northern Territory coastal waters, petroleum operations are governed by State or Northern Territory legislation containing provisions similar

to that contained in the P(SL) Act, consistent with the agreement to adopt a common mining code.

Key features of the legislation

38. The offshore petroleum legislation provides for the orderly exploration for, and exploitation of, petroleum resources. A basic framework of rights, entitlements and responsibilities of Governments and industry is set out in the legislation.

39. The more important matters covered in the legislation are:

- the issuing of invitations to apply for permits. This procedure enables the administering authorities to control the rate of, and areas available for, exploration
- the issuing of exploration permits to successful applicants. and the determination of the conditions of the title, in particular, the work program which is to be carried out during the initial six years of the permit
- the renewal of permits and the programs of work in the renewal periods
- granting of retention leases over currently non-commercial discoveries
- the granting of production and pipeline licences to successful explorers and the determination of the conditions to apply in relation to production programs and pipeline licences
- approval of applications for the registration of legal transactions, including farmouts and transfers of titles, preparation and issue of regulations, directions, special prospecting authorities, access authorities, authorities for scientific investigations, variations of title conditions, exemption from title commitments and cancellation of titles for non-compliance with the conditions of the title.

40. The Joint Authorities—the Commonwealth Minister and the relevant State and Northern Territory Ministers—are involved in all major decisions affecting the exploration for and production of petroleum in the area beyond the coastal waters. The overall objective is to provide a high degree of uniformity and consistency in administration of the legislation to the mutual benefit of Governments and industry.

41. The principal matters dealt with by the Joint Authorities under the P(SL) Act are:

- grant or refusal of applications for permits, retention leases, production licences and pipeline licences
- grant or refusal of renewal of permits, retention leases, production licences and pipeline licences
- conditions of permits, retention leases, production licences, pipeline licences, including conditions for the protection of the environment
- approval or refusal of transfers of permits and licences
- approval or refusal of farmout agreements
- variation of pipeline licences

- suspension and extension of permit conditions
- cancellation of titles
- determination of royalty for a secondary licence
- directions as to recovery of petroleum general directions and compliance with directions
- regulations

42. The P(SL) Act makes provision for three types of title to be granted to companies: exploration permits, retention leases and production licences (see Attachment 2).

Other miscellaneous legislation

43. Other pieces of Commonwealth legislation affecting the operation of offshore facilities include *the Historic Shipwrecks Act 1976* and the *Whale Protection Act 1980.*

Titleholders' Obligations

44. The legislation provides that all titleholders must carry out operations according to good oilfield practice, in a manner which is safe and prevent the escape of petroleum into the environment. In order to retain title, conditions of work must be met and annual rental fees paid. Operators (ie companies undertaking exploration and/or development activities on behalf of titleholders) must also comply with the requirements and standards set by law and in respect of factors such as safety, navigation, fisheries and environment.

45. In addition, Directions issued under the P(SL) Act require companies to have approved oil spill contingency plans. These plans and procedures are reviewed before the drilling of each well.

46. Should oil spills occur, they are regarded as the responsibility of the operator in the first instance, who is required to take such action as necessary to minimise the loss of petroleum and pollution of the sea, and to protect persons and property. Operators are required to set out in their contingency plans details of the actions they will take to meet an emergency, such as an oil spill, including the action to involve industry or national organisations to assist in controlling and cleaning up any oil spill that exceeds the immediate control of the operator.

47. Where the Directions require certain actions to be taken and these are not followed, penalties can be imposed for non-compliance under s101 of the P(SL) Act (maximum penalty $10,000 for an individual or $50,000 for a corporation, for each offence). In addition, the Designated Authority may carry out any necessary work to rectify any problems and the costs involved are recoverable through Court action. In addition, failure to comply with the Act or the Directions could result in cancellation of the relevant petroleum title (s105 of the P(SL) Act), a very significant penalty.

48. The titleholder of the permit or licence is required to effect and maintain insurance against expenses or liabilities associated with carrying out work under the licence, including expenses of complying with Directions to clean up after or remedying the effects of the escape of petroleum. Such conditions are set out

under Section 97A of the P(SL) Act. Individual titleholders are also jointly and severally liable under the Act thereby providing further protection.

Projection of State or Territory Law

49. As a general rule, the laws of a State or Territory, as well as those of the Commonwealth, adjacent to a Commonwealth offshore area will apply through section 9 of the P(SL) Act in regard to petroleum operations. Relevant laws include those which provide for peace, order and good government (eg the criminal code, workers' compensation and occupational health and safety). These provisions only apply to the extent they are not inconsistent with Commonwealth law.

ENVIRONMENTAL IMPACT

50. Activity in the area is also subject to the provisions of the *Environment Protection (Impact of Proposals) Act 1974* (the EP(IP) Act). Similar legislation is applied by the States and the Northern Territory over the coastal waters.

51. The Minister for Resources may require that special environmental protection operating conditions are applied to an exploration permit area. These conditions can be tailored to suit the unique environment of an area or the multiple marine uses within the area. Occasionally offshore areas may be released where the Minister for Resources indicates that the EP(IP) Act is likely to be invoked prior to approval to drill the first well in the permit area.

52. The environmental impact of each petroleum exploration and development proposal is considered under the requirements of the EP(IP) Act. As the Action Minister under this legislation, the Minister for Resources assesses the significance of the likely impact on the environment of the activities using advice received from Commonwealth and State environmental, conservation, fisheries and resources agencies.

53. The EP(IP) Act is invoked where the Minister for Resources determines that an exploration or development proposal is likely to affect the environment to a significant extent, including a threat to an endangered species listed under the *Endangered Species Protection Act 1992*. In such cases, the Minister for Resources will designate the proponent under this Act and the matter is referred to the Commonwealth Minister responsible for the environment. That Minister determines that either no further environmental assessment is required, or that a Public Environmental Report, or a full Environmental Impact Statement, or a Public Inquiry is required. If an Environmental Impact Statement or Public Environmental Report is required, it becomes available for public comment before the Minister can recommend on the terms and conditions under which exploration or development can proceed.

54. While the responsibility for specific environmental protection measures in offshore areas beyond the coastal waters is with the Commonwealth, co-operative arrangements have been developed in consultation with the States to ensure efficient and appropriate arrangements are adopted. These arrangements vary from State to State, but the measures adopted derive their authority from the regulatory provisions (including Directions) provided for under the Commonwealth and State Petroleum (Submerged Lands) Acts.

55. Similarly, the *Australian Heritage Commission Act 1975* requires the Minister for Resources to consider whether his decisions with respect to petroleum exploration and development activities is likely to adversely affect a place on the Register of the National Estate. The Act prohibits the Minister from taking any action that adversely affects a place on the Register, unless the Minister is satisfied that there are no prudent or feasible alternatives, and that all reasonable measures will be taken to minimise the adverse effect.

56. Other Commonwealth legislation which provides for the protection of the environment include the *National Parks and Wildlife Conservation Act 1975,* the *World Heritage Properties Conservation Act 1983* , the Great *Barrier Reef Marine Park Act 1975* and the *Endangered Species Protection Act 1992.*

NAVIGATION

57. There are three navigation aspects to be considered:

- the operation of vessels in the vicinity of exploration/production facilities;
- the servicing of exploration/production facilities; and
- the movement of mobile facilities.

Operation of vessels near facilities

58. The P(SL) Act (s119) provides for the gazettal of safety zones around offshore petroleum facilities which may exclude access to other than specified vessels or classes of vessels. Safety zones may extend to 500 metres beyond the structure. In addition, Schedule 6 of the P(SL) Act specifies an area in Bass Strait ("the Area to be Avoided") which excludes vessels in excess of 200 gross tonnes, other than foreign flag vessels, from the Area to be Avoided, unless written permission of the Designated Authority had been first obtained and conditions attached to that permission are adhered to. During periods of heightened terrorist threat, entry of all unauthorised Australian vessels is prohibited.

59. The disposal of garbage is prohibited from all ships when alongside or within 500 metres of platforms, except for ground or comminuted food wastes which may be disposed of within 500 metres of the facility

Servicing

60. Vessels are used:

- for the transport to and from facilities of supplies and personnel.
- for carrying out operations relating to the facility itself, such as anchor handling.
- to stand by in the case of emergency.

Such vessels are referred to in the *Navigation Act 1912* as 'off-shore industry vessels' (OIVs).

61. As part of the Offshore Constitutional Settlement (referred to above), a Shipping and Navigation Agreement was concluded between the Commonwealth and the States/Northern Territory. Under that agreement, an

OIV is subject to the jurisdiction of the States/NT unless a declaration under section 8A of the Navigation Act is in force in respect of the vessel. Such a declaration is issued, on application by the owner, by the Australian Maritime Safety Authority (AMSA). The effect of a declaration under s.8A is to bring the OIV within the jurisdiction of the Navigation Act for all its voyages; it also brings the vessel within the ambit of the *Seafarers Rehabilitation and Compensation Act 1992* and the *Occupational Health and Safety (Maritime Industry) Act 1993*.

62. Because the operations of OIVs are normally 'domestic' in nature, international Conventions relating to safety generally do not apply. For most purposes, OIVs are treated as cargo ships and the normal requirements of the Navigation Act (or equivalent State/NT legislation) relating to cargo ships apply. For OIVs under the Navigation Act, some variations to normal requirements are contained in Marine Orders, Part 46 (Off-shore Supply Vessels); these relate mainly to stability.

63. Under section 283H of the Navigation Act, persons (other than crew) carried on an OIV are deemed not to be passengers; thus an OIV can carry more than 12 persons who are not members of the crew without the vessel being regarded as a passenger ship.

64. The transfer of cargo and personnel between OIV and exploration/production facility is regulated in accordance with the same rules that govern transfer between ship and shore in port. Cranes, winches and lifting gear on the facility, and the personnel employed and procedures used on the facility to operate them, are governed by the relevant State/NT legislation and Directions applicable to the facility. Equipment, crew and procedures on board OIVs are governed by relevant marine legislation. In the case of s.8A-declared OIVs, this is the Navigation Act—and particularly Marine Orders, Part 32 (Cargo and Cargo Handling—Equipment and Safety Measures).

Movement of mobile facilities

65. When a mobile facility re-locates, either under its own power or under tow, it becomes a ship for a wide number of purposes. It become subject to registration under the *Shipping Registration Act 1981* and its voyage is regulated by the Navigation Act. Under the Off-shore Constitutional Settlement, all mobile exploration and production units are subject to Commonwealth jurisdiction.

66. To the extent that they are relevant, the normal range of safety Conventions promulgated by the International Maritime Organization (IMO) will apply; these include the Convention on the International Regulations for Preventing Collisions at Sea (COLREGS), the International Convention on Load Lines and the International Convention for the Safety of Life at Sea (SOLAS). The last two are supplemented by the IMO MODU Code and, in Australia, by Marine Orders, Part 47 (Off-shore Industry Mobile Units).

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67. This brief overview of the major features of Australia's offshore petroleum industry, and the international and legislative framework within which it

operates, has been necessarily brief. There are numerous aspects of the industry that have not been mentioned, as well as laws and international instruments applying, or capable of applying, that have been left to one side. It is hoped, however, that the paper provides some insight into the issues involved with the regulation of this important industry.

ATTACHMENT 1

EXISTING OFFSHORE PETROLEUM PRODUCTION FACILITIES

Territory of Ashmore and Cartier Islands

Jabiru	Floating production, storage and offloading facility (FPSO)
Challis/Cassini	FPSO
Skua	FPSO

Adjacent to Western Australia

Campbell	Monopod
Cowle	Monopod
Chervil	Monopod
Goodwyn	Fixed platform
Griffin	Floating production facility
Harriet A	Fixed platform
Harriet B	Monopod
Harriet C	Monopod
North Herald	Monopod
North Rankin	Fixed platform
RollerA	Monopod
RollerB	Monopod
RollerC	Monopod
Saladin A	Fixed miniplatform
Saladin B	Fixed miniplatform
Saladin C	Fixed miniplatform
Sinbad	Monopod
Skate	Monopod
South Pepper	tripod producing to *Vicksburg* jackup
Talisman	FPSO
Wanaea/Cossack	FPSO (under construction)
Wandoo	Monopod producing to *Hakuryu VII* jackup
Yammaderry	Monopod

Adjacent to Victoria

Barracouta	Fixed platform
Bream A	Fixed platform
Bream B	Fixed platform - concrete (under construction)
Cobia	Fixed platform
Dolphin	Monotower
Flounder	Fixed platform
Fortescue	Fixed platform
Halibut	Fixed platform
Kingfish A	Fixed platform
Kingfish B	Fixed platform
Mackerel	Fixed platform
Marlin	Fixed platform
Perch	Monotower
Seahorse	Subsea completion
Snapper	Fixed platform
Tarwhine	Subsea completion
Tuna	Fixed platform
West Tuna	Fixed platform - concrete (under construction)
West Kingfish	Fixed platform
Whiting	Fixed miniplatform

ATTACHMENT 2

PETROLEUM EXPLORATION AND DEVELOPMENT: PERMITS & LICENCES

Exploration Permits

1. Exploration permits are issued under either a work program system or, in selected areas which are considered highly prospective, a cash bidding system.

2. Except for environmentally sensitive areas (such as the Great Barrier Reef) petroleum operations are permitted on most parts of the continental shelf. Of course, operations must comply with the requirements and standards set by law and factors, such as navigation, fisheries and environment, are carefully considered, particularly where petroleum production is proposed.

3. An exploration permit provides exclusive rights to undertake seismic surveys and exploratory drilling in a defined area. A production licence is granted for the recovery of petroleum following a commercial discovery. Where a discovery is not commercial but is expected to become so, a retention lease may be granted.

4. In areas not covered by titles, companies may be granted a special prospecting authority to undertake seismic or other geophysical or geochemical survey work. This is a non-exclusive right to explore an area prior to the invitation for applications for an exploration permit. A special prospecting authority over an area does not provide any rights in relation to the award of an exploration permit.

Retention Leases and Production Licences

5. Upon discovering petroleum, a permittee must notify the authorities, giving details of the discovery. Before taking out a retention lease or production licence, the permittee must identify the block or blocks which cover the area of a discovery. This is known as 'declaring a location'.

6. Upon declaration of a location, the permittee may undertake further exploration within the location blocks to determine more accurately the nature of the discovery. The permittee may also apply to vary the size of the location, or even to have the location revoked, if the discovery is thought to be ultimately non-commercial.

7. If the discovery is commercial, the permittee may wish to apply for a production licence. Usually, the permittee has two years after the declaration of location in which to apply for a production licence, and provide details of work and expenditure proposals for the area. Production licences are issued for twenty one years, and may be renewed for further periods of twenty one years. Where production facilities require a pipeline to transport petroleum to shore, a pipeline licence will be granted for the same periods of time.

8. If a permittee makes a non-commercial discovery that is expected to become commercial within the next fifteen years, an application may be made for a retention lease rather than a production licence. As with a production licence, the permittee usually has two years after declaration of the location in

which to apply for a retention lease, and provide an assessment of the commercial prospects of the discovery.

9. Retention leases are issued for five years, with renewal periods of five years. At each renewal of a retention lease, the lessee must demonstrate that the discovery is likely to become commercial within the next fifteen years.

10. Where a location is not revoked, or if the permittee does not apply for a production licence or a retention lease within the specified time, the exploration permit in respect of the blocks covered by the location will be terminated.

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