

FUTURE GAS STRATEGY DRAFT OFFSHORE GUIDELINES 2025 | CONSULTATION

Australian Energy Producers | 30 May 2025

Australian Energy Producers welcomes the opportunity to provide feedback to the Department of Industry, Science and Resources (DISR) on the draft Offshore Exploration Work-Bid, Declaration of Location, and Retention Lease guidelines.

Natural gas is critical to the Australian economy and to achieving net zero. The Future Gas Strategy (FGS) is clear that Australia's "energy system needs gas to achieve net zero". It states that "further exploration, acreage release and gas production will be required" to avoid gas becoming "unaffordable and unavailable to Australian households and industry well before 2050." The FGS highlights "natural gas is needed through to 2050 and beyond" and that Australia "cannot rely on past investments in gas to get us through the next decades." Rather, "continued investment in, and development of, gas supply and transport infrastructure" is needed. In the near-term, the FGS finds that without investment in new gas supply, forecast shortfalls could "drive up prices" and "negatively affect Australian households and businesses, and the reliability of our electricity system."

Gas exploration is the foundation of a sustainable gas market but continues near all-time lows in Australia. Gas exploration expenditure has dropped by 74 per cent in the past decade. Annual acreage releases ceased in 2022. Investment uncertainty persists due to significant and ongoing Government intervention in the gas market, and years of regulatory uncertainty, approval delays and activist lawfare. Without a significant increase in gas exploration activity, Australia will be unable to sustain a reliable pipeline of new gas supply, jeopardising the nation's energy security, energy affordability, and ability to meet its net zero targets, as highlighted in the FGS.

The draft Offshore Guidelines risk exacerbating the issues facing gas exploration and development. The draft guidelines increase the uncertainty and decrease the transparency of the permitting and approvals process, increase the compliance burden on project developers, and impose unreasonable time constraints. The proposed removal of Good Standing Agreements (GSAs) creates additional risks for project developers and company directors. The guidelines discourage the use of seismic which will severely undermine the ability of project proponents to advance the assessment and understanding of a permit area. This is despite seismic technology posing no "serious, unacceptable impacts on the marine environment."¹

Australian Energy Producers recommends the update of the Offshore Guidelines should be paused and reconsidered until after the review of the Resource Management and Administration Regulations is complete and an extended consultation process can be undertaken with industry.

General recommendations as well as recommendations on each guideline are provided below.

¹ NOPSEMA, *Submission from NOPSEMA to the Environment and Communications References Committee Inquiry into the impact of seismic testing on fisheries and the marine environment*, 2019

General recommendations

- **Government should prioritise facilitating new gas exploration and development by streamlining the approval process and improving investor certainty.** Revisions to offshore petroleum and environmental legislation, regulations, and guidance should focus on fast-tracking gas exploration and project development to address forecast shortfalls and to reestablish a sustainable supply of gas.
- **The Government should return to annual acreage releases, including in frontier areas beyond existing discoveries and infrastructure in producing basins.** Acreage releases are the first step to bringing on new gas supply. Acreage releases should not be limited to existing discoveries in producing basins as they will be insufficient to meet gas demand to 2050 and beyond.
- **The policy and regulatory approach to seismic acquisition should be evidence-based and reflect its critical role in gas exploration.** Seismic remains the most cost-effective and low-risk pathway to assess and understand the petroleum potential of a permit area. Clarification is required as to what constitutes “possible alternatives or opportunities to acquiring new seismic.”
- **Exploration rights under the Offshore Petroleum and Greenhouse Gas Storage Act (OPGGSA) 2006 must be maintained.** Clarification is required to ensure the proposed restrictions on seismic acquisition do not amend or override proponents’ rights under the OPGGSA 2006.
- **GSAs should be retained as a key component of the gas permitting process.** Abolishing GSAs will place an undue legal burden on project developers that may have a chilling effect on gas exploration and project development.
- **Updates to the guidelines should not apply retrospectively.** Retrospective rule changes unfairly impact existing exploration and retention approvals and further undermine investor confidence.
- **A Management of Change document that clearly outlines the revisions between the current and proposed guidelines should be released as a matter of priority.** The proposed changes to the guidelines are significant in scale and complexity. Stakeholders require a clear, detailed explanation of the proposed changes and their intent to assess their implications and provide informed feedback.

Exploration Work-bid

- **The proposed changes to the Exploration Work-bid guideline undermine the stated aim of the work-bids, which is to “significantly advance the assessment and understanding of the petroleum potential of the permit area”.** The proposed changes to the Work-bid guideline are expected to result in less seismic survey acquisition and well drilling and therefore limit the new data acquired through the exploration work-bid process. This in-turn will reduce the likelihood of finding the new gas reserves necessary to meet ongoing Australian gas demand.
- **The proposed changes to the evaluation of exploration work-bids reduces the transparency of the work-bid process and increases regulatory uncertainty for project**

proponents. Moving from an objective assessment of work-bids, underpinned by seismic acquisition volumes and well numbers to a subjective assessment of the “best exploration strategy” risks discouraging new exploration programs.

- **The proposed limiting of seismic acquisition may increase the health, safety and environment (HSE) risks associated with oil and gas operations.** Seismic acquisition is a necessary first step to optimise well locations and trajectories in existing fields and to provide a regional picture in frontier areas, thereby reducing hazards and HSE risks associated with unnecessary drilling operations.
- **The proposal to exclude “uncertain or delayed regulatory approvals” from force-majeure provisions should be reversed, given approval delays and legal challenges are beyond titleholders’ control.** Force-majeure provisions should align with the conventional meaning of “events beyond the reasonable control of the titleholder”. Titleholders must not be unfairly penalised for circumstances they cannot predict or manage.
- **The focus on awarding permit areas near existing infrastructure unduly favours incumbent titleholders and undermines frontier exploration of areas beyond existing discoveries and infrastructure in currently producing basins.** Frontier exploration will be necessary to meet ongoing gas demand in Australia.
- **Clarification is required on how greenhouse gas (GHG) storage exploration conducted under a new work-bid may affect existing GHG permit holders in the same area.**

Declaration of Location

- **The proposed new Declaration of Location work program requirements should be removed to align with good oilfield practice exploration approaches.** The additional Declaration of Location work program proposed go beyond what is expected at this early stage of project development and represents a new work obligation in advance of an exploration work bid. Such an approach represents a significant technical and financial burden on project proponents and deviates from good oilfield practice approaches.
- **Declaration of Location timelines must be realistic and achievable and aligned with project development and approval timelines.**

Retention Lease

- **The proposed new Retention Lease work program requirements, including the requirement for preliminary Field Development Plans (FDP), place an undue burden on titleholders and should be removed.** The proposed Retention Lease work program requirements, including a year-on-year work schedule, exceed what should be expected at that stage of a project and place an unrealistic technical and financial burden on titleholders. Good oilfield practice suggests an FDP should only be prepared and submitted during the concept selection or detailed planning stage of a project (e.g., Front-End Engineering Design (FEED)),² once key technical and commercial uncertainties are addressed.

² The Commonwealth, *Field Development Plans – A Handbook for Government Officials*, 2022

- **Only conceptual development scenarios should be required at the Retention Lease stage, consistent with the Society of Petroleum Engineers Petroleum Resource Management System (SPE-PRMS) and National Offshore Petroleum Titles Administrator (NOPTA) 2022 guidance³, rather than a preliminary FDP (pFDP).** The Retention Lease application stage is often used by companies to secure tenure while working to resolve uncertainties (e.g., reservoir, facilities, and commercial arrangements).
- **Imposing a higher evidential threshold at the Retention Lease application stage risks misalignment with good oilfield practice, introduces regulatory uncertainty, and may discourage applications or result in speculative submissions.** This requirement risks undermining the effectiveness of the Retention Lease framework in supporting resource maturation.
- **The expectation that resources under a Retention Lease will be commercially viable within 15 years is unrealistic and does not consider the interactions and interdependencies of project development and approval timelines.** For example, reaching “development pending” commercial status within 15 years is often impractical, especially given regulatory delays, infrastructure access, and other market factors.
- **The proposed 12 per cent Internal Rate of Return (IRR) benchmark and reliance on undiscounted cash-flow tests diverge from SPE-PRMS, reduce flexibility and risk penalising marginal projects.** The proposed commerciality reviews further blur the line between regulatory oversight and commercial decision-making.
- **Clarity is required on how the Commerciality Assessment Criteria has been developed and will be applied.** Further detail is required on the definitions and methodologies for assessing commerciality, including how the IRR benchmark will be applied. Clarity is also required on the “Best Case” assumptions in the commerciality test.
- **The proposed use of undiscounted cash flow should be reconsidered and replaced with net present value (NPV) based measures.**
- **Clarity is required on what happens if a Retention Lease is returned or revoked.** To achieve the proposed policy objectives, any Retention Lease that is returned or revoked should be immediately reissued for bidding.
- **Amending the 15-year commerciality rule would require primary legislation changes and is therefore beyond the scope of this guidelines’ consultation.**

Australian Energy Producers looks forward to providing further input into the update of the Offshore Guidelines as they develop. Further comments and recommendations follow.

³ NOPTA, *Guideline: Retention Leases*, 2022

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COMMENTS AND RECOMMENDATIONS

The proposed draft guidelines mark a significant change in Australia's offshore petroleum regulatory framework that risk making it more restrictive with an increased emphasis on compliance rather than facilitating much-needed investment in new gas supply. The proposed changes to the guidelines carry negative strategic and financial consequences for titleholders and applicants navigating Australia's offshore resource regime. The proposed amendments include an increased emphasis on compliance (and expand the definition of non-compliance) rather than looking to encourage and support investment in gas exploration and development. Some of the major changes in the draft guidelines risk leading to decreased investment in domestic gas exploration. This is especially the case if the changes are incorporated into the forthcoming update to the OPGGS (Resource Management and Administration) Regulations (2011). The changes risk compounding the ongoing impacts of slow and protracted approval processes for offshore oil and gas projects and in-turn risk leading to a decrease in gas production, to higher energy prices and reduced energy security for Australians.

Government should prioritise facilitating new gas exploration and development by streamlining approvals and supporting investor certainty.

The FGS is clear that “further exploration, acreage release and gas production will be required” to avoid gas becoming “unaffordable and unavailable to Australian households and industry well before 2050.” To meet the FGS's clear requirement for continued investment in new gas supply, the Government should focus on fast-tracking new gas projects and facilitating investment in new gas supply and infrastructure.

Return to annual acreage releases, including in regions beyond existing discoveries and infrastructure in producing basins.

The Australian Government should return to annual acreage releases (including in frontier regions) to enhance investor confidence and maintain exploration momentum while helping facilitate the ongoing sustainable supply of gas. Regular annual acreage releases provide certainty and predictability for industry, including new industry entrants, and enable forward planning of high-cost, long-lead exploration activities. Releasing acreage in frontier or underexplored areas (e.g., areas lacking established infrastructure), can drive new geological insights and de-risk new areas of activity. Frontier regions will be needed as mature fields decline. Recent offshore exploration,

including in the Bonaparte and Browse basins, demonstrates industry's willingness to invest in frontier areas when transparent regulatory pathways exist⁴.

Regular acreage release, assessment and award is essential to support future domestic supply and energy security goals outlined in the FGS⁵. The pause in the annual acreage release cycle, and increasing policy uncertainty, have raised concerns about Australia's competitiveness in attracting global exploration capital⁶. A commitment to annual releases, particularly with acreage selected based on prospectivity and market need, will send a clear signal that Australia remains open for investment in the gas supply needed to meet long-term gas demand.

The policy and regulatory approach to seismic acquisition should be evidence-based and reflect its critical role in gas exploration.

NOPSEMA state that “seismic surveys can be managed and regulated to ensure that they do not have serious, unacceptable impacts on the marine environment or marine fauna.”⁷ An evidence-based policy and regulatory approach to seismic acquisition should align with these findings and not place any undue restrictions on the use of proven, well-regulated seismic activities.

Seismic acquisition is the cornerstone of offshore oil and gas exploration, supplying the high-resolution subsurface data needed to identify prospective reservoirs, map structural traps, identify locations for drilling and reduce geological risk. The draft guidelines discouragement and devaluation of new seismic surveys directly conflicts with exploration rights under the OPGGSA. The OPGGSA authorises titleholders to “to explore for petroleum in the permit area” and “to carry on such operations, and execute such works, in the permit area as are necessary for those purposes”,⁸ with the definition of “explore” explicitly referencing the undertaking of seismic surveys.⁹ Further, legacy datasets in most cases are not comparable to modern seismic techniques that are able to detect subtle reservoirs and stratigraphic features, such as wide-azimuth and broadband seismic¹⁰. This is particularly the case in frontier regions¹¹ (e.g., Ceduna Sub-basin and deepwater Gippsland Basin) and immature basins (e.g., offshore Perth¹² and Otway basins¹³). National and international experience shows that well-designed seismic programs can be conducted safely, with minimal environmental impact and significant economic return¹⁴. Policy settings should focus on facilitating rather than restricting the deployment of cutting-edge acquisition and processing technologies.

Seismic surveys should be permitted without additional justification, unless explicitly prohibited by legislation. Seismic is a normal and necessary part of petroleum exploration and no further justification should be required beyond compliance with existing environmental law. Requiring

⁴ Geoscience Australia, *Acreage Release / Geoscience Australia*, 2023

⁵ DISR, *Future Gas Strategy / Department of Industry Science and Resources*, 2024

⁶ Wood Mackenzie, *Australia's Natural Gas Investment Competitiveness*, 2025

⁷ NOPSEMA, *Submission from NOPSEMA to the Environment and Communications References Committee Inquiry into the impact of seismic testing on fisheries and the marine environment*, 2019

⁸ Australian Government, *OPGGSA 2006 Section 98(1)*, 2024

⁹ Australian Government, *OPGGSA 2006 Section 19(1)*, 2024

¹⁰ CSIRO, *Getting it right the first time in the Ceduna Sub-basin: regional and target depth imaging in a frontier setting*, 2017

¹¹ Geoscience Australia, *Offshore Basins Pre-competitive Studies*, 2022

¹² Geoscience Australia, *Perth Basin*, 2023

¹³ Geoscience Australia, *Otway Basin*, 2023

¹⁴ International Association of Geophysical Contractors (IAGC), *iagc 1 pager protectingmarineenv final 2016.pdf*, 2016

additional justification for seismic acquisition conflicts with good oilfield practice and risks resulting in regulatory duplication.

Titleholders' exploration rights under the OPGGSA must be preserved. There is concern that exploration rights under the OPGGSA may be constrained through new restrictions on seismic acquisition, particularly where approval is required for non-compulsory activities. Further, it is strongly recommended that any such changes to the OPGSSA must occur via Parliament, not guidelines. To this end, Australian Energy Producers seek confirmation that no substantive amendments to titleholder rights are intended through the draft guidelines.

Good Standing Agreements (GSA) should be retained as a key component of the gas permitting process.

GSAs play an indispensable role in Australia's offshore gas permitting framework by providing titleholders with the regulatory flexibility and the compliance "buffer" necessary to manage the long-lead times and technical uncertainties of exploration projects. GSAs allow companies to carry forward minor non-compliance events, such as delays in seismic acquisition or drilling commitments, without immediate penalties. Such an approach acknowledges that offshore oil and gas developments often take a decade or more to progress from discovery through appraisal to development pending status, with periods of progress along with periods of delays and setbacks. In contrast, by proposing the removal of GSAs, the draft guidelines expose titleholders to additional, disproportionate risk. For example, any missed milestone, whether due to lack of (timely) approvals or fluctuating market conditions, could trigger defaults, jeopardise future bids and deter investment.

Retaining GSAs would strike the right balance between accountability and innovation, ensuring that performance shortfalls linked to factors beyond an operator's control do not unfairly tarnish their compliance record or impede their eligibility for new permits, while at the same time encouraging projects to progress. Further, GSAs support strategic, outcome-oriented exploration by incentivising regional studies and phased work programs rather than penalising companies for evolving data strategies. GSAs are vital to maintaining Australia's competitiveness and sustaining long-term domestic gas supply.

Any guideline revisions should not apply retrospectively.

Retroactive application of revised guidelines would penalise existing titleholders who planned their investments under current rules. Retrospectively changing the rules risks undermining investor confidence by altering contractual expectations and exposing companies to compliance breaches for past actions. Project delays due to market fluctuations, regulatory approvals, or technical challenges are beyond titleholders' control and should not trigger defaults retroactively. To maintain Australia's attractiveness as an offshore investment destination, any revised guideline changes must apply only to future permits.

Any Guideline revisions should not add to the already significant reporting burden of project proponents.

The draft guidelines increase annual reporting obligations of project proponents, taking resources away from gas exploration and production. Project proponents already face significant reporting requirements from a range of Federal and State departments and agencies. Cumulatively, these monitoring and reporting actions represent a significant and growing administrative burden. The

draft guidelines substantially increase annual reporting obligations, through requirements such as the Annual Title Assessment Reports (ATAR).

Exploration Work-bid

The proposed changes to the Exploration Work-bid guideline will undermine the aim of the work-bids, which is to “significantly advance the assessment and understanding of the petroleum potential of the permit area”.

The treatment of seismic in the draft Work-bid guideline risks resulting in the contraction in exploration effort and the stalling of basin appraisal cycles, delaying new discoveries, and subsequently damaging Australia’s ability to replenish gas reserves. On 23 July 2024, the Minister for Resources announced that for all newly finalised offshore exploration permits “there will be no new seismic surveying permitted to occur as part of the approved work program for each permit. Companies will instead be required to licence or reprocess existing seismic data”¹⁵. This seemingly blanket prohibition removes the ability to deploy modern broadband and wide-azimuth acquisition techniques, now industry standard for imaging subtle stratigraphic traps, because these methods depend on new, bespoke surveys to capture low-frequency content and complex wavefields.

Forcing the reliance on old and antiquated datasets will stifle the technical innovation necessary to de-risk prospects and advance basin understanding, especially in frontier and immature areas where legacy data is sparse. Consequently, this draft guideline undermines robust geological appraisal and delays the discovery of new gas reserves essential to Australia’s long-term supply objectives. The proposed approach to work-bids will inevitably result in reduced exploration ambition, yielding thinner datasets and subsequently weaker geological models. The “mature region bias” further limits exploration scope, excluding untested acreage where future gas reserves likely reside.

The proposed changes to the evaluation of exploration work-bids reduces the transparency of the work-bid process.

The draft guideline removes clear scoring metrics and published weightings and replaces them with highly subjective criteria, reducing transparency and making it impossible for bidders to know how proposals will be evaluated. Australian good oilfield practice has long required clear, quantifiable work-bid deliverables to ensure transparency in permit awards. The 2015¹⁶ and 2022¹⁷ NOPTA Offshore Petroleum Exploration Guideline: Work-bid explicitly required bidders to specify the amount, type and timing of seismic acquisition (including square-kilometres of 3D seismic data, acquisition parameters and processing methodology), the number and timing of wells, phased work-program schedules, and the inclusion of location maps, which formed objective scoring metrics against published criteria. The draft work-bid guideline replaces these clear, objective deliverables with opaque and poorly defined “technical coherence” and “economic justification” criteria.

¹⁵ The Hon Madeleine King, www.minister.industry.gov.au/ministers/king/media-releases/finalisation-offshore-exploration-rounds, 2024

¹⁶ National Offshore Petroleum Titles Administrator, *Offshore Petroleum Exploration Guideline Work-bid*, 2015

¹⁷ National Offshore Petroleum Titles Administrator, *Offshore Petroleum Exploration Guideline Work-bid*, 2022

By removing clear scoring metrics and published weightings, the draft guideline makes it difficult for bidders to know how proposals will be evaluated. The abolition of GSAs, without guidance on how past compliance (or minor non-compliance) impacts ranking, adds further opacity. If stakeholders cannot be confident of scoring consistency, trust in the fairness and transparency of the exploration work-bid process is eroded.

The focus on permit areas adjacent to infrastructure unduly favours incumbent titleholders and undermines the exploration of regions beyond existing discoveries and infrastructure in producing basins.

The draft Work-Bid guideline's preference for exploration near existing infrastructure creates a mature field bias that inherently favours current titleholders and entrenches incumbents.

Favouring bids adjacent to existing infrastructure (e.g., pipelines or platforms), where incumbents already operate, will deter new entrants from competing for exploration projects. It will also deter investment in frontier/immature regions which lack nearby facilities but hold substantial untapped petroleum potential. Rather than catalysing fresh discoveries, the guideline perpetuates reliance on mature fields (which have a greater than 50 per cent probability that more than 50 per cent of the total petroleum in the region has been discovered¹⁸). They also focus efforts on declining assets while reducing competition and risking leaving major new gas reserves undeveloped.

Clarification is required on the interaction between new work-bids and existing GHG permits.

Clarification is required on how new work-bids for GHG storage intersect with existing GHG storage permits. It is unclear whether titleholders must coordinate surveys, share data, or defer to incumbent holders. Clarification is also required on how prioritisation and conflict-resolution will operate and what protocols govern concurrent petroleum activities and GHG activities within overlapping acreage.

Declaration of Location

The proposed new work program requirements in the Declaration of Location process should be removed.

The proposed new work program requirements in the Declaration of Location process should be removed to align with good oilfield practice exploration approaches. Under the current Declaration of Location (2022) guideline, titleholders are required to submit only high-level, five-year work plans and conceptual development scenarios and extend the two-year declaration window by up to two additional years at NOPTA's discretion. In contrast, the draft 2025 Declaration of Location guideline imposes a rigid, "high-bar" extension test and mandates full, project level work programs such as detailed reservoir data, commercial schedules, and tight 30-day reporting deadlines at the Declaration of Location stage. The proposed new work program requirements depart from SPE-PRMS best practice¹⁹, which requires only a conceptual development plan for *Contingent – Development Pending*²⁰ resources.

¹⁸ Geoscience Australia, *GA8550.pdf*, 2004

¹⁹ Society of Petroleum Engineers, *Petroleum Resource Management System 2018*, 2018

²⁰ *Contingent – Development Pending*, according to the SPE-PRMS (2018), describes a discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.

By forcing premature and exhaustive work plan commitments, the new requirements risk deterring early-stage and frontier exploration. Removing the Declaration of Location work-program mandates from the draft Declaration of Location guideline would align with good oilfield practice, support technically and commercially de-risked project planning, and ultimately encourage the timely development of Australia's gas reserves.

[The timelines in the Declaration of Location must be realistic and achievable.](#)

The Declaration of Location timelines and deadlines should mirror the realities of offshore project development by combining a two-year base period with up to two discretionary one-year extensions, consistent with NOPTA's 2022 Declaration of Location Guideline. Rather than imposing rigid, high-threshold tests for extensions or demanding full field development plans prematurely, timelines should align with SPE-PRMS best practice and require only a conceptual development plan at the Contingent – Development Pending stage, with detailed engineering deferred to later FEED phases. This approach balances accountability with flexibility, ensures deadlines are achievable, preserves investor confidence, and supports the orderly maturation of gas discoveries into production.

Likewise, requiring titleholders to lodge an extension application three months before the initial term ends (instead of the current one-month notice) adds significant scheduling pressure, especially given that the total assessment window may decrease from four years (two plus two) to just two years.

Retention Lease

[The proposed Retention Lease work program requirements, including the requirement for \(pre\) Field Development Plans \(FDPs\), are unrealistic and should be removed.](#)

Mandating comprehensive, project-level work programs, including preliminary FDPs and detailed commercial schedules, at the Retention Lease stage, imposes unrealistic demands at a project stage when key development pathways remain uncertain. Under the SPE-PRMS (2018), *Contingent – Development Pending* resources require only a conceptual development plan, with detailed FEED studies deferred until later phases. NOPTA's 2022 Retention Lease Application Guideline similarly permits a conceptual scenario, supported by indicative cash-flow schedules and reasonable net present value (NPV) assumptions, rather than exhaustive preliminary FDPs. Requiring preliminary FDPs at the Retention Lease stage prematurely forces operators to commit to well and infrastructure design, production strategies, budgets, and schedules, before resolving factors beyond their control (e.g., infrastructure access, regulatory approvals, and market conditions).

The draft Retention Lease Guideline's rigid 12 per cent IRR benchmark and reliance on undiscounted cash-flow tests diverge from SPE-PRMS flexibility and risk penalising marginal projects. The proposed independent, ongoing commerciality reviews further blur the line between regulatory oversight and commercial decision-making. Without clear transitional provisions or guidance on retrospective application, these changes encourage overly conservative Retention Lease submissions and could stall the maturation of gas resources. Removing pre-FDP mandates and aligning Retention Lease requirements with established good oilfield and regulatory practice will preserve flexibility, ensure realistic commitments, and support the timely development of Australia's gas reserves.

The expectation that resources under a Retention Lease will be commercially viable within 15 years is not realistic in many circumstances.

Mandating commercial viability within 15 years under a Retention Lease is unrealistically ambitious. Projects in mature regions can require a decade or more of appraisal and development. Frontier and immature fields regularly exceed fifteen years before production. Woodside's Scarborough field, discovered in 1979²¹, is not expected to deliver first gas until the second half of 2026²². External factors, market conditions, infrastructure access, and regulatory approvals are beyond titleholders' control and routinely delay project maturation. Enforcing a rigid 15-year viability test risks penalising sound projects caught in normal development cycles and undermines investor confidence.

Clarity is required on how the Commerciality Assessment Criteria has been developed and will be applied.

The SPE-PRMS framework specifies that Contingent–Development Pending resources require only a conceptual development plan, not full engineering and economic studies. NOPTA's 2022 RL Guideline similarly allows indicative commercial schedules and cash-flow models, without mandating fixed IRR thresholds or undiscounted cash-flow tests. By contrast, the draft Commerciality Assessment Criteria introduces a 12 per cent IRR benchmark, undiscounted cash-flow requirements, and unspecified "best-case" assumptions, yet provides no methodology, input definitions (P10/P50/P90), or scoring weightings. Stakeholders will be unable to assess how bids will be evaluated or replicate the analysis. To ensure fairness and consistency, the full commerciality methodology, including discount rates, case-assumption guidance, and scoring matrices, should be published and discussed before finalising the guideline.

The proposed use of undiscounted cash flow should be reconsidered and replaced with NPV based measures.

Undiscounted cash flows ignore the time value of money and make economically unviable projects appear "viable" if nominal inflows exceed outflows within 15 years. NOPTA's current *Retention Lease Application Fact Sheet*²³ includes NPV calculations in its "Project Economics" template. The SPE-PRMS²⁴ further endorses discounted cash-flow analysis using appropriate discount rates to assess Contingent–Development Pending resources. The undiscounted cash flow approach fails to account for the time value of money (e.g., treating a dollar received ten years later as equivalent to one received today), an assumption that distorts project economics and can overstate viability²⁵. Replacing undiscounted cash-flow tests with NPV-based measures aligns with good oilfield practice, delivers a realistic appraisal of long-term project economics, and ensures more robust commerciality determinations for retention lease applications.

Clarity is required on what happens if a Retention Lease is returned or revoked.

Under sections 12.2–12.4 of NOPTA's current Retention Lease Guideline²⁶, if the Joint Authority revokes a lease under s 158, the lessee has 12 months to apply for a production

²¹ Offshore Technology, *Scarborough gasfield*, 2022

²² Woodside Energy, *Scarborough Energy Project*, 2025

²³ National Offshore Petroleum Titles Administrator, *Factsheet: Retention lease application content*, 2025

²⁴ Society of Petroleum Engineers, *Petroleum Resource Management System 2018*, 2018

²⁵ Investopedia, *Limitations of Using a Payback Period for Analysis*, 2025

²⁶ National Offshore Petroleum Titles Administrator, *Guideline: Retention leases*, 2025

licence; if none is made, the lease blocks revert to vacant acreage. Publishing a concise protocol, detailing notice periods (for revocation, refusal to renew, and voluntary surrender), appeal rights, data handover (e.g., seismic, well, environmental), GHG permit impacts (e.g., injection licences, holding leases), and reversion mechanics (timing, block status), would greatly improve process clarity and investor confidence.

Refusals to renew must follow procedural fairness.

The draft guidelines should reinstate the consultation procedures that allow titleholders to receive advanced notice of the intention to make an adverse decision.²⁷ s262 of the OPGGSA (“Consultation - adverse decisions”) mandates that before making any adverse decision (including refusal to renew under s 155), the Joint Authority must give at least 30 days’ written notice to the affected titleholder of its intention to make the decision. The guideline should retain such a provision and align with the OPGGSA requirements.

²⁷ Commonwealth Consolidated Acts, OFFSHORE PETROLEUM AND GREENHOUSE GAS STORAGE ACT 2006 - SECT 262 Consultation--adverse decisions, 2006