

Submission  
No 23

**INQUIRY INTO PETROLEUM (ONSHORE) AMENDMENT  
(CANCELLATION OF ZOMBIE PETROLEUM  
EXPLORATION LICENCES) BILL 2021**

**Organisation:** Comet Ridge Limited

**Date Received:** 23 June 2021

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23 June 2021

Mark Banasiak  
 Committee Chair  
 Portfolio Committee No.4 – Industry  
 NSW Legislative Council

Via email

**Inquiry into the Petroleum (Onshore) Amendment (Cancellation of Zombie Petroleum Exploration Licences) Bill 2021**

Dear Mr. Banasiak

Comet Ridge Limited (Comet) is a Gas Exploration company based in Brisbane with Petroleum Exploration Licences in the Gunnedah Basin of New South Wales. Permits in which the company has varying equity in, include PEL 6, PEL 427 and PEL 428.

Comet welcomes the opportunity to provide comment to the Committee’s consideration of the Petroleum (Onshore) Amendment (Cancellation of Zombie Petroleum Exploration Licences) Bill 2021.

Comet does not support the intent of the Bill.

Petroleum is essential to the Australian economy and way of life. As well as generating \$47 billion in export earnings the industry supplies an important energy and commodity resource. Natural gas is also an essential input for many manufacturing businesses.

Almost half of Australian homes – five million households – are connected to the natural gas network. In NSW and Victoria alone, 2.3 million homes are connected. Gas accounts for 44 per cent of household energy use, with more than 11 million residential gas appliances in use.<sup>1</sup>

Petroleum and refined and derived products are used to power our cars, to provide energy and support manufacturing. Oil is the largest single energy source in Australia and accounts for close to 40 per cent of total energy end use.<sup>2</sup> Australia’s reserves of liquid fuels are declining, with an increasing proportion of these products being imported.

Natural gas is both a source of energy and an essential raw material (feedstock) for manufacturing. More than half of the gas consumed in Australia is used by manufacturers.

About 225,000 people work in manufacturing sectors that rely heavily on gas; another 500,000 people work in related industries. The main industrial uses of natural gas and gas-derived products are producing:

- non-ferrous metals (e.g. aluminium, copper, zinc, tin)
- chemicals and polymers (e.g. fertilisers, antifreeze)
- non-metallic mineral products (e.g. glass, ceramics, cement, bricks)
- plastic packaging for foods and beverages.
- Gas is also needed in food preparation and processing, fermentation and brewing.

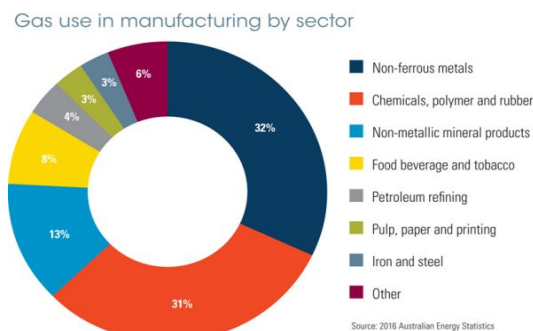


Figure 1 Gas — powering industrial processes

<sup>1</sup> Deloitte Access Economics (2016), *Analysis for Gas Vision 2050*.

<sup>2</sup> Australian Government (2016), *Australian Energy Statistics* <https://www.industry.gov.au/Office-of-the-Chief-Economist/Publications/>

Gas is second only to oil as an energy source for manufacturing. Gas is essential for many industrial processes, especially processes requiring high temperatures — without gas to fire kilns and furnaces, it would be impossible to make everyday products such as glass, bricks, paper, cement, steel and alumina.

New South Wales imports almost all of its natural gas from other Australian States. This means that the cost it pays for the gas is higher due to transport costs and creates supply exposure in respect to pipeline constraints. It is therefore non-sensical to consider the cancellation of Petroleum Exploration Licences as only exploration will lead to new gas discoveries which obviously would be of benefit to the state.

The cancellation of existing PEL's that have not been renewed by the government goes against the framework and fabric of the gas exploration industry and the tenure regimes in which it operates. Comet Ridge has been involved in NSW with equity in several PEL's since 2004 and has expended a considerable amount over that time. The NSW Government has chosen not to allow permit renewals during this time and subsequently no 'on the ground' activity has been conducted. The lack of field activity has not been the choice of the tenement holders, but due to these tenements actually being under application for extension. Therefore, we feel that it would be extremely unfair to cancel the permits and to not allow tenure renewal.

By introducing this Bill and if approved, the entire tenure system would be damaged, creating significant sovereign risk and reputational issues for the State. The current provisions are common across all regulatory regimes in Australia and are designed to provide certainty to a proponent that an outstanding decision, political delays, machinery of government or other force majeure circumstances do not extinguish title and future investment. Removing this provision will remove sensible provisions for the orderly development of resources and would put New South Wales out of alignment with the rest of Australia, and be contrary to a well-established regulatory system. Below is a table and summary of mirror provisions from all other jurisdictions in Australia to show how out of line this Bill is in comparison to all other regimes in the country.

<b>Jurisdiction</b>	<b>Allows for application to remain in force until determined</b>
Federal Offshore	Yes
South Australia	Yes
Western Australia	Yes
Western Australia Waters	Yes
Northern Territory	Yes
Northern Territory Waters	Yes
Queensland	Yes
South Australia	Yes
New South Wales	Yes
Victorian State Waters	Yes
Victoria	Yes
<i>Petroleum (Onshore) Amendment (Cancellation of Zombie Petroleum Exploration Licences) Bill 2021</i>	<b>No</b>

**Federal. Offshore Petroleum and Greenhouse Gas Storage Act**

Section 119 (5)

If:

- (a) a petroleum exploration permittee makes an application to renew the permit; and
- (b) the permit would, apart from this subsection, expire:
  - (i) before the Joint Authority grants, or refuses to grant, the renewal of the permit; or

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- (ii) before the application lapses as provided by section 260;  
the permit continues in force;  
(c) until the Joint Authority grants, or refuses to grant, the renewal of the permit; or  
(d) until the application so lapses;  
whichever happens first

[http://classic.austlii.edu.au/au/legis/cth/consol\\_act/opaggsa2006446/s119.html](http://classic.austlii.edu.au/au/legis/cth/consol_act/opaggsa2006446/s119.html)

#### **South Australia**

##### **Petroleum and Geothermal Energy Act 2000**

Section 65.

(5) If an application for the renewal of a licence is made before the end of the term of the licence, the licence term is extended until the application is determined.

(6) When a licence falls due for renewal, the licensee, if not in default under the licence, is entitled to the renewal of the licence in accordance with the terms of the licence.

<https://legislation.sa.gov.au/LZ/C/A/PETROLEUM%20AND%20GEOHERMAL%20ENERGY%20ACT%202000/CURRENT/2000.60.AUTH.PDF>

#### **Western Australia.**

##### **Petroleum Submerged Lands Act**

Section 32.

(8)Where —

(a) an application for the renewal of a permit has been made; and

(b) the permit expires —

(i) before the Minister grants, or refuses to grant, the renewal of the permit; or

(ii) before the application lapses as provided by subsection (7), the permit shall be deemed to continue in force in all respects —

(c) until the Minister grants, or refuses to grant, the renewal of the permit; or

(d) until the application so lapses,

whichever first happens.

[https://www.legislation.wa.gov.au/legislation/statutes.nsf/main\\_mrtitle\\_5953\\_homepage.html](https://www.legislation.wa.gov.au/legislation/statutes.nsf/main_mrtitle_5953_homepage.html)

##### **Petroleum and Geothermal Energy Resources Act 1967**

Section (8) Where —

(a) an application for the renewal of a permit has been made; and

(b) the permit expires —

(i) before the Minister grants, or refuses to grant, the renewal of the permit; or

(ii) before the application lapses as provided by subsection (7), the permit shall be deemed to continue in force in all respects —

(c) until the Minister grants, or refuses to grant, the renewal of the permit; or

(d) until the application so lapses, whichever first happens.

#### **Northern Territory**

##### **Petroleum Act 1984**

Section 25 Grant or refusal of renewal of exploration permit

(11) Where:

(a) an application for the renewal of an exploration permit has been accepted; and

(b) the exploration permit expires before:

(i) the Minister renews, or refuses to renew, the permit; or

(ii) the application lapses as provided by subsection (10),  
the permit shall be deemed to continue in force in all respects until:

(c) the Minister renews or refuses to renew the permit; or

(d) the application so lapses,

as the case may be.

#### **Queensland**

##### **Petroleum and Gas (Production and Safety) Act 2004**

Section 83 Continuing effect of authority for renewal application

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(2) Despite the ending of the term, the authority continues in force until the earlier of the following to happen—

- (a) the start of any renewed term of the authority;
- (b) a refusal of the application takes effect;
- (c) the application is withdrawn;
- (d) the authority is cancelled under this Act.

#### **Tasmania**

##### **Petroleum is under the Mineral Resources Development Act 1995**

Section 98. Term of renewed lease

3) A lease continues in force –

- (a) if an application for renewal is made but not granted before it ceases to be in force, until the application is granted, refused or withdrawn, whichever occurs first; and
- (b) if an application is granted before it ceases to be in force, from the date on which it ceases to be in force until the end of the period referred to in subsection (1)

#### **Victoria**

##### **Petroleum Act 1998**

**Section 99** Existing permits and leases continue until renewal applications etc. decided

(2) The original permit or lease continues in force until the first of these events occurs— (a) the Minister gives the applicant a written notice stating that she or he refuses to grant the application; or (b) if the application is granted, the lease, licence or new permit takes effect; or (c) the application is withdrawn or lapses.

In closing, we reiterate that the current system should not be changed. Cancelling exploration permits that have simply been waiting to be renewed, will disadvantage those companies that have held the tenure for many years. It will also disadvantage the State of New South Wales and lead to a situation where there will be a potential shortfall of gas and damage to the state's reputation by increasing sovereign risk. This all leads to higher gas prices, firstly impacting households and manufacturing and could potentially lead to those manufacturing industries reliant on gas and providing thousands of jobs to go elsewhere or ultimately close down completely.

Yours faithfully,

Tor McCaul  
Managing Director  
Comet Ridge Limited