

Strategic Release Framework for Coal and Petroleum Exploration

Fact Sheet

December 2017

Overview

The Strategic Release Framework for Coal and Petroleum Exploration (the Framework) has been developed by the NSW Government to deliver greater transparency and control over the release of exploration areas and the granting of prospecting titles for coal and petroleum resources. It sets out a process for achieving value for the economy and adequate returns for state owned resources.

The Framework recognises there are competing uses for land, and seeks to balance these interests. Areas will be released for exploration only after environmental, social and economic factors have been considered and the community has had an opportunity to identify its values and issues.

This will facilitate the safe and sustainable development of resources under a process that balances the needs of the community, the economy and the environment.

Strategic Release Framework Authorities

The Framework implements a transparent and strengthened selection process for issuing prospecting titles through the consideration of geological, social, environmental and economic factors, and operator suitability and capability. The Framework adds an additional consideration before exploration for these resources can be permitted.

This consideration is a coordinated effort between the relevant NSW Government authorities.

Figure 1. Strategic Release Framework Authorities

Authority	Role
Advisory Body for Strategic Release (Advisory Body)	Independently chaired interdepartmental body responsible for reviewing reports and recommending assessment of an area for coal or petroleum exploration. Recommends areas for release and makes recommendations on the successful bidder to the Minister for Resources.
Department of Planning and Environment – Planning Services	Conducts the Preliminary Regional Issues Assessment (PRIA) to inform the Advisory body about environmental, economic and social issues to consider.
Department of Planning and Environment – Division of Resources	Undertakes Resource Assessment to provide information on the coal or petroleum resources of a potential release

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and Geosciences	area. Conducts capability suitability assessment of potential bidders for release areas. Oversees the granting and ongoing regulation of exploration titles and the Strategic Release Framework for coal and petroleum exploration.
Treasury	Supervises auction process.
Minister for Resources	Recommends areas for release and successful bidders, based on advice of Advisory Body.
Cabinet	Endorses Ministerial recommendations for release areas and granting of exploration licences for coal and petroleum.

Strategic Release Process

The Framework implements a transparent and strengthened selection process for issuing coal and petroleum prospecting titles through the up-front consideration of geological, social, environmental and economic factors, and operator suitability and capability. An outline of the process is provided in Figure 2.

The implementation of the Framework is overseen by the Advisory Body for Strategic Release (Advisory Body). The Advisory Body is an interagency group, with an independent Chair. The Advisory Body makes recommendations to the Minister for Resources on the areas to be released for exploration.

To assist the Advisory Body form a view and make recommendations on areas for exploration, a series of studies will be undertaken from within the following steps:

1. A geological Resource Assessment will first be undertaken by the Division of Resources and Geoscience (DRG) within the Department of Planning and Environment (DPE). It will review the potential for the discovery of a resource of sufficient quality and size to support a stand-alone operation.
2. Based on the Resource Assessment findings, the Advisory Body will determine what, if any areas should progress to a Preliminary Regional Issues Assessment (PRIA). The PRIA, conducted by DPE, will identify potential economic, environmental and social issues and will include community engagement and consultation.

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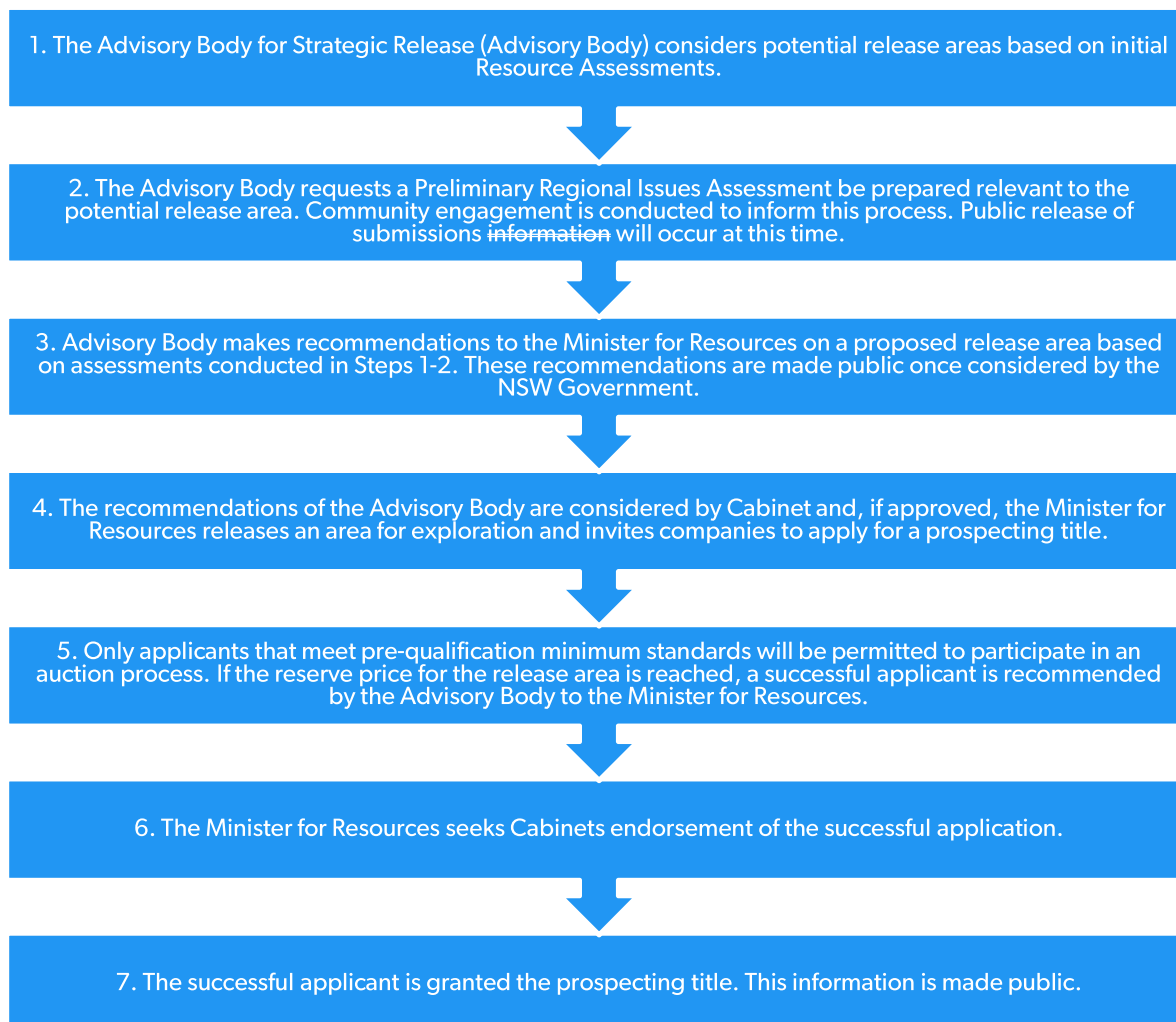
3. The Resource Assessment and PRIA reports will be released publicly. After consideration of these reports, the Advisory Body will make recommendations to the Minister for Resources as to area/s, if any, to progress to release.
4. Cabinet endorsement will be sought prior to any Ministerial decision to release an area for exploration. Once a decision has been made to release an area, a notice (the invitation) will be published in the Government Gazette and through media channels. Titles will then be awarded through a two-part auction process. DRG will undertake the auction prequalification stage whereby applicants will be required to demonstrate their financial and technical capability to explore effectively, and that they have a good track record of environmental compliance and effective community engagement.
5. Applicants that meet the prequalification criteria will progress into the auction and be required to submit a work program and a bid price. A reserve price, based on recovery of the state's costs in assessing and releasing the area, will be set for the auction. The reserve price will not be disclosed at this point.
6. If the reserve price is met, the applicant with the highest bid will be considered for the granting of the prospecting title. If the reserve price is not met, a second auction will take place where the reserve price will be disclosed to all pre-qualified bidders. Cabinet's endorsement will be sought before the Minister awards the prospecting title.

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Figure 2. Flowchart of the Strategic Release Framework



Exploration and Production

The Framework is a process by which areas will be released for coal or petroleum exploration. If an explorer is granted an exploration licence and is successful in discovering an economic coal,

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oil or gas resource they will need to apply for a mining lease (for coal) or petroleum production lease and undergo a stringent, rigorous and exhaustive assessment process, including a detailed environmental impact assessment and extensive public consultation, prior to such a lease being granted. The grant of an exploration licence does not in any way imply or guarantee that a mining or production lease will be subsequently granted. Even for the most active and experienced explorers, it generally takes more than 10 years to proceed from initial exploration to production.

Landholder Rights

Landholders in NSW are the owners of the surface land of their properties. Resources that exist below the earth's surface (such as coal, oil and gas) belong to the state. If these resources are extracted, royalties from the production are used to benefit the local community and state, in addition to the economic benefits of jobs and economic growth.

The NSW Government wants farmers and landholders to be partners in the resource development process. Government legislation mandates that landholders are entitled to receive compensation for resource exploration and production on their land.

A company that holds an exploration licence must have a written access arrangement with a landholder before any activities may commence. The titleholder must talk to the landholder about the location of exploration activities, must provide a plan and description of the land they wish to access, and describe the exploration methods they intend to use.

In NSW thousands of access arrangements have been successfully negotiated between titleholders and landholders for their mutual benefit. There are instances where parties can't reach agreement through private negotiations, and in this situation the NSW legislative framework sets out a pathway to help landholders and titleholders agree on the terms and conditions for access to land.

The NSW Government has appointed a Land and Water Commissioner to provide independent advice to landholders, resource companies, the community and government on mining and gas activities. The current Land and Water Commissioner (Mr Jock Laurie) can be contacted on ph. (02) 6391 3429 or commissioner@landandwater.nsw.gov.au.

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To find out more

- Visit: www.resourcesandenergy.nsw.gov.au/strategic-release
- Email: information@industry.nsw.gov.au
- Call on [1300 305 695](tel:1300305695).
- If English isn't your first language, please call [131 450](tel:131450). Ask for an interpreter in your language and then request to be connected to our Information Centre on [1300 305 695](tel:1300305695).
- Exploration: commonground.nsw.gov.au