

**Notice of proposed change to Minerals Programme for
Petroleum (1 January 2005) in accordance with section 16
of the Crown Minerals Act 1991**

I, **DAVID SMOL**, Chief Executive of the Ministry of Economic Development, **GIVE NOTICE** in accordance with section 16 of the Crown Minerals Act 1991 ("the Act") that it is proposed to change the Minerals Programme for Petroleum (1 January 2005) ("the Programme") to remove the Priority in Time ("PIT") method of allocating petroleum exploration permits from the Programme ("Proposed Change").

The details of the Proposed Change are **attached** and are also available for public inspection on the New Zealand Petroleum & Minerals website (www.nzpam.govt.nz). Hard copies can be obtained from the reception area of the Ministry of Economic Development (Level 1, 33 Bowen Street, Wellington 6011).

Submissions

Any person is entitled to make submissions on the Proposed Change.

Submissions must be in writing and can be sent in hard copy form to:

The General Manager
New Zealand Petroleum & Minerals
Ministry of Economic Development
P O Box 1473
Wellington 6140

Submissions can also be sent by email (preferred option) to:
PITchanges@med.govt.nz.

All submissions must be received by the Ministry of Economic Development no later than 5:00pm, Wednesday 26 October 2011, and shall state the reasons for the submission.



David Smol
Chief Executive
Ministry of Economic Development

Dated at Wellington this 30th day of August 2011

Proposed change to the Minerals Programme for Petroleum (1 January 2005) to remove Priority in Time as a method of allocation for petroleum exploration permits

Dated 30 August 2011

Reasons for the proposed change

The Minerals Programme for Petroleum (1 January 2005) (Programme) currently enables Petroleum Exploration Permits (PEPs) to be allocated by three methods:

- Priority in time (PIT) applications
- Cash bonus bidding
- Staged work programme bidding.

PIT applications can be made at any time over any land that is available for petroleum permitting. Once an application is made, if other interested parties wish to be considered for the award of the permit they must submit competing applications for the land in question within five working days.

All applications received within the five working day period are then assessed against technical and financial capability criteria, the quality of the proposed work programme and otherwise in accordance with the Programme. A decision is then made on whether or not to award the proposed permit to any applicant.

The Honourable Hekia Parata, Acting Minister of Energy and Resources, considers that it is in New Zealand's best interests that all new PEPs are allocated by staged work programme bidding in competitive block offer processes. This will enable the government to fairly and efficiently manage the allocation of petroleum exploration rights and give all interested parties a fair opportunity to compete for PEPs.

Block offers will be publicly advertised after communities have had an opportunity to comment on the areas proposed to be included in each block. All interested industry participants will then be encouraged to bid for available PEPs by submitting work programmes as prescribed in each block offer notice.

As a result, it is proposed to remove PIT as a method of allocation for petroleum exploration permits from the Programme.

Proposed Changes

It is proposed the following sections of the Programme be amended as follows:

➤ List of Contents

- Pages 2 to 5: delete references to PIT applications.

➤ Executive Summary

- Page 9: delete heading and paragraph 13; and

- Page 10: delete all of paragraph 18, except for the first sentence.
- Chapter 3 “Regard to the Principles of the Treaty of Waitangi”
 - Page 24: amend paragraph 3.14 so as not to refer to PIT applications.
- Chapter 5 “The Permitting Regime”
 - Pages 32 to 35: In the introductory summary delete (c) and amend the sentence to refer only to two methods of allocating permits. Delete the heading to 5.1 and paragraphs 5.1-5.1.17;
 - Page 43: delete reference to PIT in paragraph 5.4.2 and consequentially amend;
 - Pages 49 to 52: delete the heading and paragraphs 5.4.39 to 5.4.59;
 - Page 55: remove reference to PIT in paragraph 5.5.7 and amend accordingly.
- Appendix 1 “A Detailed Summary of the Reasons For and Against Adopting the Allocation Framework”
 - Page 113: delete paragraph ii(b) and the reference to PIT in the second sentence in paragraph iv;
 - Page 115: remove section B headed “Priority in Time Applications”.

Consequential or other changes may also need to be made to the Programme to give effect to the removal of PIT as an allocation method.