

## **REVISED DRAFT PROPOSED CHANGES TO THE MINERALS PROGRAMME FOR PETROLEUM (2005)**

- (1) Delete paragraph 13 of the Executive Summary and the heading above paragraph 13.
- (2) Delete all of paragraph 18 of the Executive Summary, except for the first sentence.
- (3) Replace paragraph 3.14 and the heading above with:

**“3.14 CONSULTATION ON PETROLEUM PERMIT APPLICATIONS OTHER THAN THOSE ARISING FROM A BLOCK OFFER**

Applications for petroleum permits which do not relate to a Petroleum Exploration Permit Block Offer are likely to be less common. Where these do occur, or when there is an application to extend a permit area, a similar procedure of consultation with iwi and hapu as for a Petroleum Exploration Permit Block Offer must be followed. In this case, however, iwi and hapu must be consulted about the specific application area and details of the proposed work to be undertaken. Where iwi and hapu then request that any land be excluded from a permit application, this request must be evaluated taking into consideration the criteria outlined in paragraph 3.12.”

- (4) Replace the fourth paragraph of the Introductory Summary to Chapter 5 **“THE PERMITTING REGIME”** with:

“There are two competitive methods of allocating permits:

- (a) Staged work programme bidding, which will be the primary method of allocating exploration permits (refer paragraphs 5.4.14 to 5.4.38);
- (b) Cash bonus bidding, which shall be used in areas of high prospectivity and where there is strong competitive interest (refer section 5.2); and
- (c) A subsequent permit right application (in accordance with section 32 of the Act).”

- (5) Delete Sub-chapter 5.1 **“PROCESSING OF PRIORITY IN TIME APPLICATIONS”**.

- (6) Replace paragraph 5.4.2 with:

“5.4.2. Applications for exploration permits may be made in accordance with a competitive bid Petroleum Exploration Permit Block Offer, which will provide for staged work programme bidding, or cash bonus bidding in areas of high prospectivity and where there is strong competitive interest (refer paragraphs 5.4.5 to 5.4.38).”

- (7) Delete paragraphs 5.4.39 to 5.4.59 and all headings above these paragraphs.

- (8) Replace paragraph 5.5.7 with:

“5.5.7. In particular, the Minister will take into account whether agreeing to an amendment to a permit's work programme conditions would be inconsistent with the petroleum permit allocation process. If the permit was awarded from a Petroleum Exploration Permit Block Offer, on the basis of staged work programme bidding, and there were

competitive bids for the permit, the assessment of the application to amend the permit's work programme conditions will involve assessing whether the proposed amended work programme would have been of lower work value than other bids originally received over the same block. If the permit was awarded from a Petroleum Exploration Permit Block Offer on the basis of cash bonus bidding, on the condition of undertaking defined minimum exploration work, the grant of the permit has been made within the general policy that there will be no amendments allowed to the exploration permit minimum work programme (subject to any reasonable request to provide for the timely completion of well drilling which has commenced but is not able to be completed within the stated minimum time frame). The Minister's assessment will take into consideration this general policy."

- (9) Replace paragraph ii of Appendix 1 with:
- “ii. A principal policy objective guiding the determination of the policies, procedures and provisions of this minerals programme has been to provide for the efficient allocation of rights in respect of petroleum. Allocation is the process of matching prospecting, exploration and mining opportunities with those who wish to take advantage of these opportunities. The basic approach to allocation is to have a mechanism whereby defined exploration acreage is advertised and different parties can compete for the same opportunity by some sort of bidding process, with the most competitive bid being successful.”
- (10) Delete the second sentence of paragraph iv of Appendix 1.
- (11) Delete part B of Appendix 1 “**PRIORITY IN TIME APPLICATIONS**”.