



Block Offer 2015 Awards - Questions and Answers

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What is a Block Offer?

The Petroleum Block Offer is an annual tender used to allocate petroleum exploration permits.

In 2012 the Government adopted block offers exclusively to allocate petroleum exploration permits. This replaced a first-come, first-served approach that gave the government little influence over when or where companies applied for petroleum exploration permits.

This process is transparent and enables us to engage with affected iwi, hapū and councils before the final tender is announced. Adoption of an annual cycle for the tender also assists us to target promotion of the Block Offer and New Zealand's potential for petroleum exploration to investors. New Zealand Petroleum and Minerals (NZP&M) administers the tender, assesses bids and grants permits.

When did Block Offer 2015 open?

The Government opened the tender for Block Offer 2014 with an *Invitation for Bids* in March 2015. The invitation lists specific areas, made up of blocks, which companies may bid for. This allows companies to define their desired permit area based on their analysis of the available data.

The tender included a total area of 429,298 square kilometres, including three onshore areas and four offshore areas. Bidding for the tender closed on 30 September 2015.

Information on the Block Offer 2015 tender is available on the NZP&M website.

How are bids assessed?

Bids are assessed according to criteria set out in the Crown Minerals Act 1991, the Petroleum Programme 2013 and the Invitation for Bids.

This is not a financial tender. Bids must set out how the company proposes to explore its desired permit area, including the methods and technologies they plan to use. Bids can be made by individual companies or joint ventures.

This assessment considers the bidder's work programme and other criteria including their technical and financial capability, their compliance history and their likely ability to meet health, safety and environmental requirements.

What does an exploration permit allow the holder to do?

An exploration permit gives the permit holder the rights to search for commercially recoverable reserves of oil and gas in a specific area. The activities allowed under this permit include sampling, aeromagnetic surveys, geological studies, compiling reports, seismic surveys and drilling exploratory wells to establish if there is oil or gas in the area.

Before they begin any exploratory drilling the operator must get:

- any resource consent required from the local district council (if on land) and regional councils (if on land or in territorial waters); or
- a marine consent from the Environmental Protection Authority (if beyond 12 nautical miles).

Permit holders must also arrange land access with the landowner and/or occupier. Access to conservation land must be arranged with the Department of Conservation.

If commercial quantities of petroleum are found, operators must apply for a petroleum mining permit from NZP&M. The process for this application includes further consultation with affected iwi and hapū. Resource and marine consents are also required.

For more information see our [guide to government management of petroleum](#)

Why does New Zealand need more oil and gas exploration?

Building a more competitive and productive economy is a Government priority. Oil is already one of our largest exports. Natural gas contributes significantly to domestic industries and electricity generation. The Government collected \$258 million in royalties in the 2014-2015 financial year.

Future oil and gas discoveries would significantly lift exports, improve Gross Domestic Product, increase government revenue and create opportunities for regional development.

For more information see the [Business Growth Agenda report – Building Natural Resources](#)

Does exploration in offshore Taranaki pose a risk to Maui's Dolphins?

In 2012 the Government asked a forum of experts to review the risks to Maui's dolphins and look at what more could be done to ensure their survival. The forum found that the risk to Maui's dolphins from oil and gas development is very small. The greatest risk identified was from fishing.

The petroleum industry has been active in this area for many years and no incidents involving Maui's dolphins have been recorded. There are many active permits granted either in or overlapping the sanctuary. This includes the Pohokura gas field which produces around half of New Zealand's natural gas.

Note that no permits granted for Block Offer 2015 overlap with the North Island West Coast Marine Mammal Sanctuary.

BACKGROUND ON BLOCK OFFER 2015

How were the areas in the tender selected?

Areas are identified based on formal nominations received from industry and other interested parties, and the data that is available about their geological prospectivity. The tender did not include any land listed in Schedule 4 of the Crown Minerals Act (including national parks, nature reserves, wildlife sanctuaries and marine reserves), or World Heritage sites. Areas of importance to Māori identified in section 3.1 of the Petroleum Programme are not included either (such as Mount Taranaki and the Pouakai, Pukeiti and Kaitake Ranges).

Who did you consult with for Block Offer 2015?

Between 19 November 2014 and 9 February 2015, NZP&M consulted with 189 affected iwi and hapū, and 54 local authorities on the proposal for Block Offer 2015.

The aim of consultation is to identify sensitive areas not already protected by legislation, so we can take steps before we launch the Block Offer. Options include removing areas from the Block Offer or putting conditions on activities within an area to recognise its importance.

Officials reviewed consultation submissions and made recommendations for changes to the Minister of Energy and Resources.

See <http://www.nzpam.govt.nz/cms/iwi-communities/finding-petroleum-minerals/block-offer-2015-consultation> for more information.

What changes were made to the Block Offer proposal following consultation?

Following consultation, the Minister has made the following changes:

- The size of the release area in Offshore Taranaki **was** reduced
- The Minister determined that any permits granted in the Offshore Taranaki release area must comply with the Code of Conduct for Seismic Surveying if they overlap with the North Island West Coast Marine Mammal Sanctuary

Note that no permits granted for Block Offer 2015 overlap with the North Island West Coast Marine Mammal Sanctuary.

Permits granted for Block Offer 2015 in onshore Taranaki will require the permit holder to give Te Rūnanga o Ngāti Ruanui 20 days' written notice of any petroleum exploration activity to be undertaken within 200m of the Tangahoe, Patea and Whenuakura rivers.

See <http://www.nzpam.govt.nz/cms/iwi-communities/finding-petroleum-minerals/block-offer-2015-consultation> for more information.

Did the government consult with the public?

Public consultation usually takes place later in the regulatory process - once a permit has been granted. Consultation may take place if the permit holder has to seek resource consent from a local authority, if they need marine consent from the Environmental Protection Authority.

How does the Government manage health and safety and environmental issues related to the industry?

Health, safety and environmental matters are managed by a number of government agencies, and local government:

- NZP&M assesses an applicant's technical and financial capability, compliance history and assesses whether they will be likely to meet health, safety and environmental legislation before we grant a permit.
- The Minister for the Environment is responsible for legislation and regulations applying to the Exclusive Economic Zone and territorial waters. This includes the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012 and the Resource Management Act 1991.
- The Environmental Protection Authority ensure operators have plans to manage waste, manage the effects of specified restricted activities on the environment in the Exclusive Economic Zone and continental shelf. They manage applications for marine consents, monitor compliance, and enforce relevant legislation.
- WorkSafe New Zealand monitors the health and safety of staff and oil wells throughout their design, construction, operation, maintenance, modification, suspension and abandonment.
- The Department of Conservation is responsible for protected species and manages guidelines for minimising disturbance to marine mammals from seismic surveys in marine mammal sanctuaries.
- Maritime New Zealand ensures operators have plans to respond to emergencies arising from an oil spill or leak. They are also responsible for New Zealand's readiness and coordination of a response to a major oil spill.
- Local authorities manage the effects of activities on the environment onshore and in territorial waters through resource consents.

For more information see our guide [to responsibilities of local and central government in offshore exploration and production](#) and our guide to [government management of petroleum](#)



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