

Questions and Answers: Block Offer 2016 Consultation

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ABOUT THE BLOCK OFFER 2016 PROPOSAL

What areas have been proposed for Block Offer 2016?

The proposal for Block Offer 2016 includes one onshore area (in Taranaki) and four offshore areas (Pegasus and Offshore East Coast North Island Basins, Northland-Reinga Basins, Taranaki Basin, and Great-South and Canterbury Basin).

The total proposed acreage for Block Offer 2016 is 537,632 square kilometres. To appeal to a wide range of bidders, the proposal includes a mix of well-explored areas through to unexplored, frontier regions. Some of the proposed areas are currently being offered for Block Offer 2015. Of this, acreage we do not grant permits for when Block Offer 2015 closes may be included in Block Offer 2016.

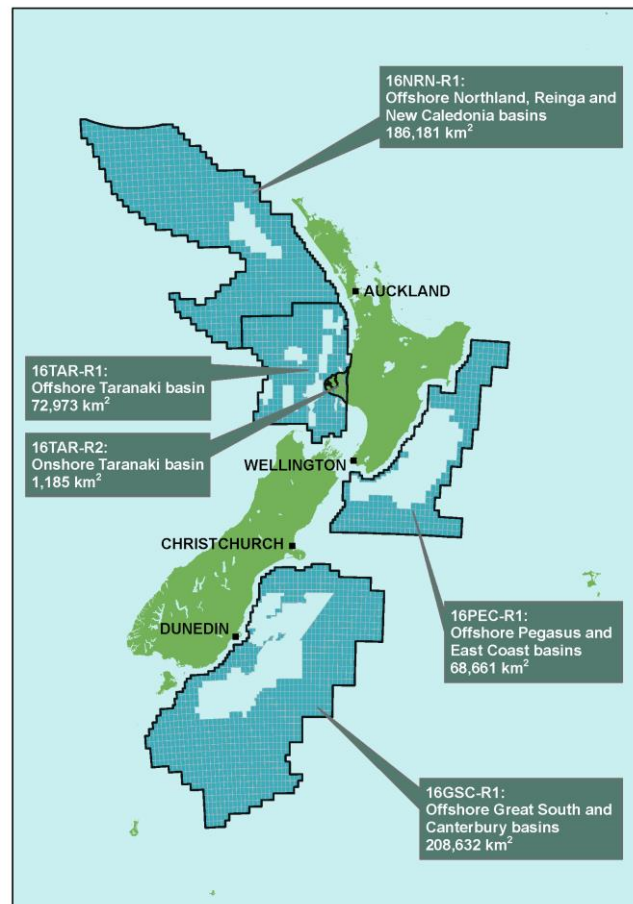
How were these areas selected?

The areas in the proposal have been selected based on formal nominations received from industry and other interested parties, and the data that is available about the geological prospectivity of the areas.

Do the proposed areas for Block Offer 2016 include any Schedule 4, World Heritage sites or Marine Reserves?

The proposed release areas do 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).

We have also not included areas excluded as part of some previous block offer rounds. These areas include the Banks Peninsular Marine Mammal Sanctuary; Parihaka Pā; and those parts of the North Island West Coast Marine Mammal Sanctuary north of Raglan.



When and how will the government consult on the Block Offer 2016 proposal?

Under the Crown Minerals Act 1991 and Minerals Programme for Petroleum 2013, the government must consult with all affected iwi and hapū before releasing a Block Offer. The legislation also provides for consultation with local authorities.

On 3 September we will open consultation on the Block Offer. Consultation lasts 40 working days and will close on 30 October 2016.

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

Officials will review consultation feedback and make a recommendation on any changes needed to the Minister of Energy and Resources.

When will Block Offer 2016 be announced?

Block Offer 2016 will be opened at the Advantage Petroleum Summit on 21 March, 2016.

BACKGROUND ON PETROLEUM EXPLORATION AND BLOCK OFFERS

What is a Petroleum Block Offer?

The Petroleum Block Offer is an annual tender used to allocate petroleum exploration permits, including permits to explore for gas hydrates. The government releases an *Invitation for Bids* which lists specific areas, made up of blocks that companies can bid for. This allows companies to define their desired permit area based on their analysis of the available data.

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

This process is transparent and enables us to engage with 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.

NZP&M administers the tender, assesses bids and grants permits.

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 proposed permit area, including the methods and technologies they propose to use. Bids can be made by individual companies or joint ventures.

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

How long will permits for Block Offer 2016 be granted for?

Permits granted in Block Offer 2016 will be granted for up to 15 years.

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 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:

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

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](#)

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:

- before we grant a permit 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.
- The Minister for the Environment is responsible for legislation and regulations applying to EEZ and territorial waters. This includes the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012 (EEZ Act) and the Resource Management Act 1991 (RMA).
- The Environmental Protection Authority manages 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 and seismic surveying regulations in marine mammal sanctuaries.
- Maritime New Zealand ensures operators have plans to manage waste, and 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.

When does the government consult with the public about petroleum exploration and development?

The public are usually consulted when the permit holder applies for consents to drill production wells. This takes place as part of the local resource consent process (for activity onshore and in territorial waters) or as part of the marine consent process (for activity outside territorial waters).

CONTACTS

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