

# Who does what in NZ's offshore waters?

**This guide explains how government agencies and regional councils manage oil, gas and mineral exploration and production in the waters around New Zealand.**

## Introduction

Six government agencies, together with 16 regional councils, share the responsibility for managing petroleum and mineral activities in New Zealand's offshore waters.

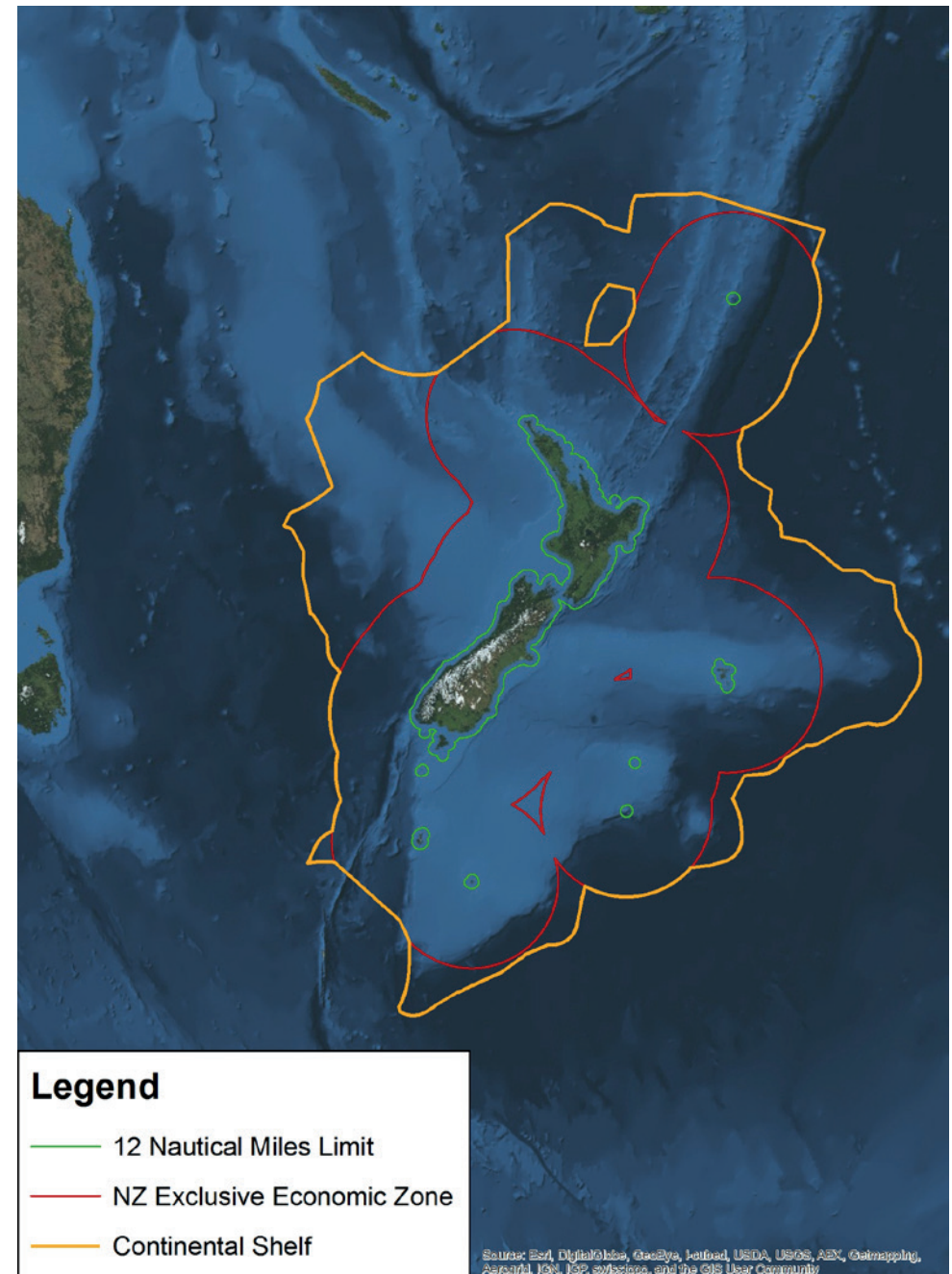
These waters include both our Exclusive Economic Zone (EEZ) and Continental Shelf (CS), and our territorial waters.

The EEZ is the area from 12 to 200 nautical miles (nm) offshore. The CS is the area where New Zealand's submerged landmass extends beyond the EEZ. New Zealand has one of the largest of these areas in the world – covering more than 5.7 million square kilometres – more than 20 times the size of New Zealand.

New Zealand's territorial waters are the marine waters which extend from the coast out to the 12 nm limit.

This information explains the roles and responsibilities of central and local government agencies in managing oil, gas and mineral exploration and production in the waters around New Zealand.

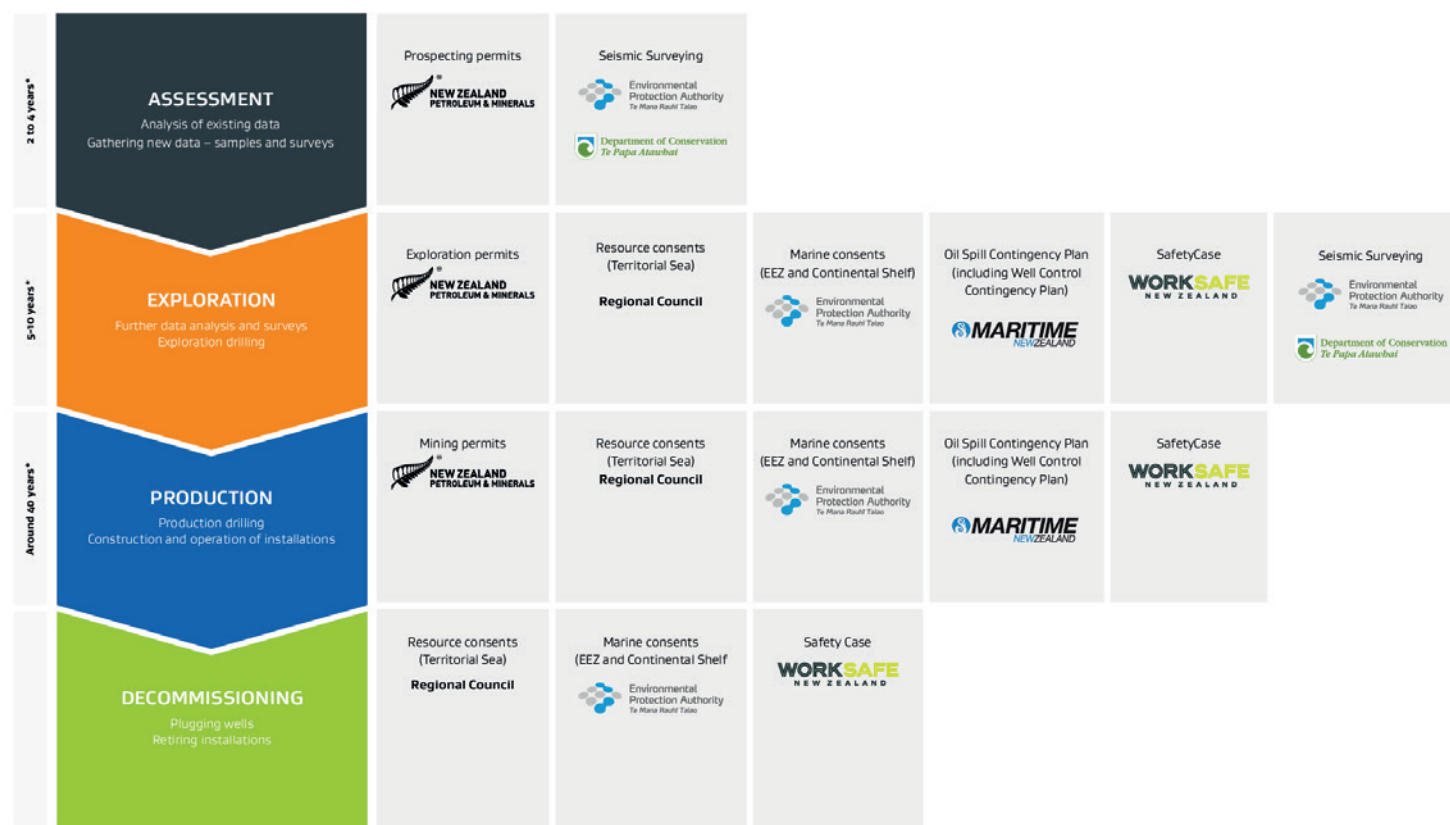
New Zealand Government



This graphic shows NZ's waters and the areas managed by government agencies and regional councils.

# Who does what and when in NZ's offshore waters?

In New Zealand, oil and gas (petroleum) and mineral exploration and production is managed at every step. The graphic below shows the responsibilities of central and local government agencies during the various stages.



\* Indicative time frames only

# Who are the agencies and what do they do?

Six government agencies and 16 regional councils carry out specific roles and responsibilities in managing petroleum and mineral exploration and production in New Zealand waters. They are:



It manages the Government's oil, gas, mineral and coal resources in accordance with the Crown Minerals Act 1991. It processes and monitors prospecting, exploration and mining permits. Before granting permits NZP&M assesses an operator's technical and financial capability, compliance history and undertakes a preliminary, high level assessment of an operator's capability and systems that are likely to be required to meet applicable health, safety and environmental legislation.



It is responsible for ensuring operators have plans in place to prevent spills of oil and to manage the emergency response if their work causes a spill of oil into the sea. For oil and gas work the emergency response plan needs to include how the operator would stem the flow of oil in the unlikely event of a well blowout. It is also responsible for maintaining New Zealand's oil spill response capability and preparedness, and for coordinating any major, national-level oil spill responses.



It is responsible for developing environmental policy and administering the 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).



It is responsible for managing the effects of specified restricted activities on the environment in the EEZ and CS under the EEZ Act. The EPA considers applications for marine consents, monitors compliance, carries out enforcement, and promotes public awareness of the requirements of the EEZ Act and associated regulations.

## Regional Councils

They are responsible under the RMA for managing the effects of activities on the environment in territorial waters (0 to 12 nm offshore). Resource consents are usually required under the RMA for petroleum and mineral activities. Some applications may be referred to the Environment Court or to Boards of Inquiry for an assessment and decision.



It is responsible for the rules that ensure that the oil 'stays in the pipe' and the risk of a well failure is as low as reasonably practical. It does this by accepting an operator's safety case and well operations' notice which ensures that a well is managed through its life cycle in relation to its design, construction, operation, maintenance, modification, suspension and abandonment.



It is responsible for protected species under the Wildlife Act 1953 and Marine Mammals Protection Act 1978. It prepares and administers the guidelines for minimising disturbance to marine mammals from seismic survey, as well as seismic surveying regulations in marine mammal sanctuaries. Independent, qualified visual and acoustic monitoring professionals are required to be on board seismic surveying vessels to ensure that the survey follows the mitigation requirements specified in the Marine Mammal Impact Assessment (MMIA).

## OTHER AGENCIES

Several other government agencies also have roles and responsibilities. For example, the Ministry for Primary Industries enforces standards of cleanliness for incoming vessels, rigs or equipment, including biofouling on ships' hulls.

# Steps to operating in NZ's offshore waters



A number of stages are involved when operators want to carry out exploration and production activities for petroleum and minerals in the waters around New Zealand. The information on these pages provides a broad overview of the approval process. It also describes the monitoring and enforcement that is carried out by government agencies if/when approval is gained.

## 1. ASSESSING THE SEABED

Operators must seek approval to search for petroleum or minerals and comply with EEZ regulations and the seismic code of conduct.



## 2. EXPLORATION STAGE

A rigorous approval process must be completed before an operator can begin the exploration process. The conditions of these consents will be monitored and enforced.



## 3. PRODUCTION

Operators need specific approval before entering the production phase. This includes a publicly notified application process for a marine consent that provides the opportunity for the public to make submissions.



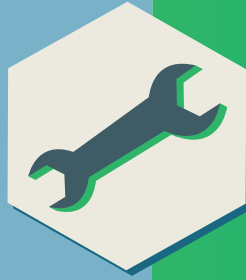
## 4. ONGOING MONITORING

Operators will be monitored and authorities will take enforcement action if any conditions are breached.



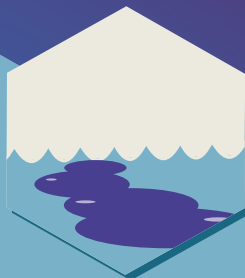
## 6. DECOMMISSIONING

Authorisation is needed before steps are taken to retire a production facility. This includes providing a revised safety case for approval.



## 5. OIL SPILL RESPONSE

New Zealand's oil spill response strategy sets out how an incident would be managed. Any operator who causes an oil spill is liable for all costs involved in the response.





## Step 1 to operating in New Zealand's offshore waters

# Assessing the seabed

- Operators and the Government carry out research into where petroleum and minerals might be found. Some seabed can be excluded from this process for conservation or cultural reasons.
- If an operator wants to search for petroleum or minerals they need to obtain a prospecting permit from NZP&M before undertaking prospecting activities such as taking seabed samples and seismic surveying. The company's proposed work programme and technical and financial capability are assessed. Permits last up to four years. See the **NZP&M website** for more information.
- Prospecting for petroleum and minerals are 'permitted activities' under the EEZ Act. Operators are not required to obtain a marine consent providing they satisfy the conditions of the EEZ regulations, including taking all reasonable measures to avoid, mitigate or remedy any adverse effects of their activities on any sensitive environments.
- Operators are required to assess their impact on the environment and develop sensitive environment contingency plans. They are required to provide post-activity reports. These documents are published on the EPA website. For more information on permitted activities, visit the **EPA website**.
- Special conditions apply to seismic surveying. It is treated as a permitted activity under the EEZ Act on the condition that operators comply with DOC's **Code of Conduct** for minimising acoustic disturbance to marine mammals. The Code requires consultation with parties with an existing interest who might be affected by the seismic survey.
- As part of the Code, an operator undertaking a seismic survey is also required to submit a Marine Mammal Impact Assessment (MMIA) to DOC. The MMIA outlines any potential impacts on marine mammals in the survey area and how the company intends to mitigate those impacts. The MMIA must be signed-off by DOC before the survey starts. See the **DOC website** for more information.
- Operators who don't comply with the Code within the EEZ must go through a marine consent process instead. All operators in New Zealand's offshore waters have voluntarily agreed to comply with the Code.
- There are also six marine mammal sanctuaries, which have their own mandatory seismic surveying regulations. Operators surveying in these areas must comply with these regulations in addition to the Code. **See the map** of the sanctuaries on the DOC website.







Step 2 to operating in New Zealand's offshore waters

# Exploration stage

## New Zealand Petroleum and Minerals (NZP&M) approval process:

- ✿ Permits for petroleum exploration (that include the right to drill exploration wells) are issued through NZP&M's annual **Block Offer tender process**.
- ✿ NZP&M first consult with iwi and hapū and engage with councils about areas of sea (blocks) which they are thinking of making available for exploration and considers their views. The blocks are then finalised and operators are invited to bid for exploration permits within those blocks. Bidders are assessed on their proposed work programme.
- ✿ NZP&M also assesses an operator's technical and financial capability, compliance history and undertakes a preliminary, high level assessment of an operator's capability and systems that are likely to be required to meet applicable health, safety and environmental legislation.
- ✿ Exploration permits last up to 15 years. For more information visit the **NZP&M website**.

- ✿ If an operator wants to explore for minerals offshore they can apply to NZP&M for an exploration permit over a specific area. Applications are assessed on the same criteria as petroleum exploration, including consultation with affected iwi and hapū.

### Note:

- ✿ Seismic surveying can also occur during the prospecting or exploration phases. The same conditions (outlined above) apply.
- ✿ **Operators must also seek separate approval from other central and local government agencies as outlined below.**

## Regional Council approval process (territorial sea):

- ✿ Operators who want to carry out prospecting and exploration out to 12 nm need to comply with the RMA and in most cases obtain a resource consent if it is required by the Regional Council's Coastal Plan. For more information, visit the **MfE website**.
- ✿ Regional Councils undertake a similar type of assessment of the environmental impact of the proposed activity as the EPA.
- ✿ Some resource consent applications may be considered and decided by a Board of Inquiry or the Environment Court instead of a council. These applications include those directly referred to the Environment Court by the applicant (with the agreement of council), or proposals of national significance that have been referred to the Court or a Board of Inquiry by the Minister for the Environment (these are said to have been 'called-in').





## Step 2 to operating in New Zealand's offshore waters

### Exploration stage continued

#### Environmental Protection Authority (EPA) approval process (EEZ & CS):

- Operators who want to carry out activities (restricted by s20 of the **EEZ Act**) that are involved in exploration drilling for petroleum in the EEZ and CS need to obtain a marine consent from the EPA.
- As part of this process, operators must provide an impact assessment to the EPA which identifies any effects of undertaking the proposed activities on the environment and existing interests and the measures they will take to avoid, remedy or mitigate any adverse effects.
- The application will be considered by a decision-making committee of experts appointed by the EPA Board. If granted, a marine consent will set out what conditions (under s63 of the EEZ Act) must be met to deal with the adverse effects of the proposed activity on the environment or existing interests. These conditions will be monitored and enforced by the EPA.
- Marine consent applications for activities involved in exploration drilling are classified as non-notified discretionary under the EEZ Act. This means applications for non-notified activities will not be publicly notified. The EPA cannot consider public submissions or information provided to it. In making its decision on an application, the EPA will consider whether it needs to request further information or advice in accordance with the EEZ Act. Applicants will still be required to identify and consult with existing interest holders (including iwi authorities and Maori groups) who may be affected by the proposed activity.
- Public submissions can be made on marine consent applications for the production phase of petroleum operations. For more information, visit the **EPA website**.
- Operators wanting to drill an exploration well and discharge harmful substances from it will need to apply to the EPA for:
  - a non-notified marine consent to disturb the marine environment and remove non-living material from it
  - a non-notified marine discharge consent to discharge harmful substances.

In addition, the well must be securely plugged when exploration drilling is finished.





## Step 2 to operating in New Zealand's offshore waters

### Exploration stage continued

#### Maritime New Zealand (MNZ) approval process:

- An operator needs to apply for approval from MNZ for their oil spill contingency plan. This will show that the operator of the oil or gas facilities has:
  - minimised the risk of an accidental spill
  - detailed emergency response plans in place if a spill does occur, including a Well Control Contingency Plan in case of a well blow-out.
- MNZ's responsibilities for managing discharges of harmful substances and dumping of waste from offshore structures and production facilities were transferred to the EPA on 31 October 2015.

#### WorkSafe New Zealand approval process:

- All operators have a duty to provide safe working places for their workforce and must comply with health and safety regulations.
- Petroleum operators intending to drill a well are required to submit a safety case to **WorkSafe** for approval at least 90 days before starting any activity. Any hazards to safety must be identified and control measures implemented.
- Well operators must make sure that working wells are independently examined throughout the life cycle of each well.
- WorkSafe and MNZ are the two government agencies with responsibility for ensuring operators involved in petroleum exploration or mining at sea comply with **health and safety regulations**.







## Step 3 to operating in New Zealand's offshore waters

# Production

- ✦ If an operator has found petroleum or minerals and wants to start production, they need to apply to NZP&M for a mining permit. NZP&M will again assess: their proposed work programme, their technical and financial capability, compliance history and undertake a preliminary, high level assessment of the operator's capability and systems that are likely to be required to meet applicable health, safety and environmental legislation.
- ✦ The plan must also demonstrate maximum responsible recovery of the petroleum or minerals. Before awarding a permit, NZP&M consults again with iwi and hapū.
- ✦ If the activity is to occur in the EEZ or CS, the operator will also need to obtain a marine consent from the EPA as part of a publicly notified process. This includes a number of stages – including publicly notifying the application, the opportunity for the public to make submissions, a hearing, and consideration of the application by a decision-making committee appointed by the EPA Board. See the **EPA website** to find out more about the process.
- ✦ If a marine consent is granted it will set out what conditions (under s20 of the EEZ Act) are imposed to address the adverse effects of the proposed activity on the environment or existing interests which are then monitored and enforced by the EPA.
- ✦ If the activity is to occur within territorial waters, the operator may need to go through a similar resource consent process with the relevant regional council.
- ✦ Operators will need approval of their oil spill contingency plan by MNZ and their safety case by WorkSafe.
- ✦ Operators may also need a notified marine discharge consent from the EPA to discharge harmful substances into the EEZ or CS.





Step 4 to operating in New Zealand's offshore waters

# Ongoing monitoring

## NZP&M monitoring and compliance

- Operators are monitored for compliance with the conditions of their permits and must meet the conditions of agreed work programmes or their permits may be revoked.
- Operators are required to attend annual meetings with NZP&M if requested and are also required to report to the Government on their iwi and hapū engagement activity.

## EPA / Regional Council monitoring and compliance

- If granted, a marine consent issued by the EPA or a resource consent issued by a regional council will set out what conditions are imposed to address the adverse effects of the proposed activity on the environment or existing interests. The EPA / regional council will monitor compliance with the conditions and take enforcement action if required.

## WorkSafe monitoring

- WorkSafe inspectors maintain regulatory oversight throughout the life cycle of a production oil rig to ensure the operator is complying with its safety case.
- Rig operators must make sure that working wells are independently examined throughout the life cycle of each well.

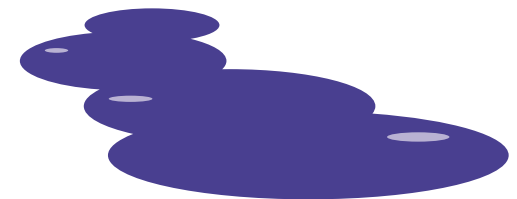




Step 5 to operating in New Zealand's offshore waters

# Oil spill response

- ✦ In the unlikely event of a significant oil spill, MNZ is the lead national oil spill response agency. See the **NZ Marine Oil Spill Response Strategy**.
- ✦ The aim will be to minimise damage to the marine environment and reduce the time for recovery of affected resources.
- ✦ MNZ is responsible for making sure New Zealand is ready for an oil spill of any size. If the scale of an incident is beyond New Zealand's local and national capability, MNZ has a network of international organisations and companies it can call upon to assist with resources and expertise. This relationship is reciprocal – New Zealand is expected to assist our neighbours if requested.
- ✦ The Government's oil spill response capability is funded by an industry levy, the **Oil Pollution Levy**, which is paid by those sectors whose activities raise the risk of a marine oil spill. In the event of an oil spill, the polluter is liable for all costs associated with the response.

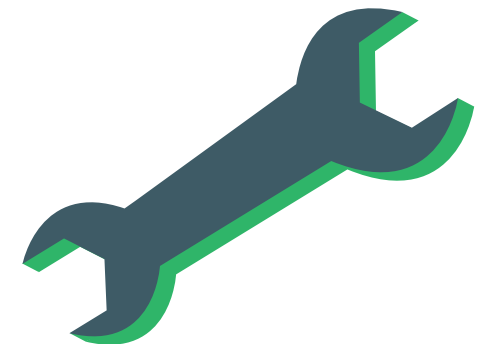




Step 6 to operating in New Zealand's offshore waters

# Decommissioning

- ▶ Approval is needed to remove or discard a structure through the marine or resource consenting process depending on whether the structure is in territorial or EEZ waters.
- ▶ A revised safety case has to be provided to WorkSafe for approval before a production facility can be retired.
- ▶ Wells must be plugged according to the health and safety regulations. WorkSafe has to be satisfied that the risks are identified and the right precautions taken.



# Snapshot of application process for offshore petroleum drilling

Operators wanting to drill for oil and gas in New Zealand waters must first get the following approvals:

- ✿ An exploration or mining permit from NZP&M
- ✿ A marine consent from EPA (EEZ and CS) / resource consent from regional council (for territorial waters)
- ✿ Approval of a safety case by WorkSafe
- ✿ Approval of an oil spill contingency plan by MNZ (oil spill and well containment)



This graphic outlines the process involved in gaining approval to drill offshore.

# How to find out more

Visit the following websites for more information:

New Zealand Petroleum and Minerals .... [www.nzpam.govt.nz](http://www.nzpam.govt.nz)

WorkSafe NZ ..... [www.business.govt.nz/worksafe/about/what-we-do/high-hazards](http://www.business.govt.nz/worksafe/about/what-we-do/high-hazards)

Maritime New Zealand..... [www.maritimenz.govt.nz/Environmental/Marine-environmental-protection](http://www.maritimenz.govt.nz/Environmental/Marine-environmental-protection)

Regional Councils ..... [www.localcouncils.govt.nz](http://www.localcouncils.govt.nz)

Environmental Protection Authority..... [www.epa.govt.nz/EEZ](http://www.epa.govt.nz/EEZ)

Department of Conservation..... [www.doc.govt.nz/conservation/marine-and-coastal](http://www.doc.govt.nz/conservation/marine-and-coastal)

Ministry for the Environment..... [www.mfe.govt.nz/issues/oceans](http://www.mfe.govt.nz/issues/oceans)