

The petroleum permit lifecycle and Block Offer

The regulations affecting a petroleum permit differ according to the different phases of a permit.

Multiple government agencies, together with regional and district councils, share the responsibility for regulating petroleum activities in New Zealand.

The agencies involved and the roles they play differ depending on the phases of the petroleum permit and whether it is onshore or offshore.

Assessment

Prospecting permits

There are two types of prospecting permits – typically these are non-exclusive and designed for speculative prospectors to acquire and on-sell data on a multi-client basis to explorers. However, if a capable operator wants to search for petroleum on a proprietary basis over an area with no other interest, an exclusive prospecting permit may be granted.

Prospecting permits are not granted over public conservation land listed in section four of the Crown Minerals Act. This includes high value conservation land such as National Parks and marine reserves. In addition permits are generally not granted over World Heritage Areas (WHA).

Land access

Permit holders must provide 10 days' notice of planned minimum impact activities to landowners and occupiers on private land.

Permission is required from the Department of Conservation (DoC) [<http://www.doc.govt.nz/>] for minimum impact activities on public conservation land.

Environmental protection

Seismic and other surveying techniques carried out onshore or within 12 nautical miles (nm) of the coast may be a permitted activity (subject to compliance with specific criteria) and require resource consent depending on the rules in the relevant council's Regional or District Plans.

Prospecting for petroleum beyond 12nm is a 'permitted activity' under the EEZ Act. Operators must comply with the DoC's Code of Conduct for seismic surveying [<http://www.doc.govt.nz/our-work/seismic-surveys-code-of-conduct/>]. If surveying within a Marine Mammal Sanctuary operators must comply with the regulations for each sanctuary.

Exploration

Exploration permits

The first step of gaining permission to explore for petroleum is a Petroleum Exploration Permit (PEP) from NZP&M. PEP's are granted exclusively through the annual Block Offer competitive tender [<http://mbie17.cwp.govt.nz/permits/petroleum/block-offer/>].

Schedule 4 land [<http://www.legislation.govt.nz/act/public/1991/0070/latest/DLM247378.html>] and World Heritage Areas (WHA) are excluded from Block Offers.

Land access

Exploration permits do not give the permit holder automatic rights to access an onshore permit area. Permit holders must notify landowners and occupiers of planned minimum impact activities, or enter into a contract with the land owner/occupier – known as an access arrangement – for more invasive activity such as drilling.

On Government-owned land an access arrangement would be required from the relevant government department – DoC in the case of conservation land.

For more information see our Land Access factsheet [<http://mbie17.cwp.govt.nz/our-industry/factsheets/>].

Environmental protections

Surveying, which can also occur at the exploration phases, may be a permitted activity or require a resource consent from the relevant council if onshore or within 12 nm of the coast.

Before exploratory drilling can begin a resource consent is likely to be required, depending on the rules in the relevant Regional and District Plans. Conditions may be attached to a resource consent to avoid, remedy, or mitigate any adverse effects associated with the activity.

Operators who want to carry out exploration drilling in the Exclusive Economic Zone or Continental Shelf will need a marine consent from the Environmental Protection Authority (EPA) [<http://www.epa.govt.nz/>]. Discharges of waste from drill ships or rigs would also be considered as part of the marine consent.

Chemicals or hazardous substances used in petroleum production need to be approved for use by the EPA.

Oil spill response

Operators need to apply to Maritime NZ [<http://www.maritimenz.govt.nz/>] for approval of their Oil Spill Contingency Plan.

Health and Safety

Operators are required to maintain a safe working environment and implement sound practices. They must have a Safety Case approved by WorkSafe's High Hazards Unit [<http://www.worksafe.govt.nz/worksafe/about/what-we-do/high-hazards>] and comply with the relevant health and safety regulations – including HHU approvals before drilling a well.

Production

Mining permits

If an operator discovers commercially viable quantities of petroleum in its exploration permit and want to progress to commercial production they need to apply for a Petroleum Mining Permit.

Granting the permit includes agreeing on a development programme that ensures maximum responsible recovery of the resource over the life of the field.

Land access

An access arrangement is required with the owner or occupier.

For more information see our Land Access factsheet. [<http://mbie17.cwp.govt.nz/our-industry/factsheets/>]

Environmental protection

Before drilling or mining can begin onshore or within 12 nautical miles (NM) of the coast, resource consent is likely to be required in accordance with the relevant council's Regional and/or District plan. Conditions may be attached to a resource consent to avoid, remedy or mitigate any adverse effects associated with the activity.

Resource consents for any onshore plant will likely be required from the local and regional council.

If the activity is to occur in the Exclusive Economic Zone or Continental Shelf, an operator will require a marine consent from the Environmental Protection Authority (EPA) [<http://www.epa.govt.nz/Pages/default.aspx>]. Submissions from the public are sought as part of the marine consents process for production activities.

Chemicals or hazardous substances used in petroleum production, for example those used in hydraulic fracturing, need to be approved for use by the EPA.

Oil spill response

Operators need to apply to Maritime NZ [<http://www.maritimenz.govt.nz/>] for approval of their Oil Spill Contingency Plan.

Health and Safety

Operators must have a Safety Case approved by [WorkSafe's High Hazards Unit](http://www.worksafe.govt.nz/worksafe/about/what-we-do/high-hazards) [http://www.worksafe.govt.nz/worksafe/about/what-we-do/high-hazards] and comply with the relevant health and safety regulations. The HHU undertakes onsite inspections.

Decommission and restoration

WorkSafe and NZP&M have requirements regarding plugging and abandoning of petroleum wells – including the submission of a revised Safety Case before a production facility can be retired. [WorkSafe's High Hazards Unit \(HHU\)](http://www.worksafe.govt.nz/worksafe/about/what-we-do/high-hazards) [http://www.worksafe.govt.nz/worksafe/about/what-we-do/high-hazards] must be satisfied risks are identified and precautions are being implemented. Well operators must ensure independent examination of the well abandonment operation.

Approval is also needed to remove or discard a structure or infrastructure through the marine or resource consenting process, depending on whether the structure is in territorial or Exclusive Economic Zone waters. Sites must be remediated to the specifications outlined in those consents. Remediation could include regular ongoing monitoring of the surrounding area. Local authorities may hold a financial bond to ensure that onshore sites are remediated appropriately.

[Read the factsheet on New Zealand's onshore regulatory regime](http://mbie17.cwp.govt.nz/our-industry/factsheets/#accordion-154-heading) [http://mbie17.cwp.govt.nz/our-industry/factsheets/#accordion-154-heading]

[Read the factsheet on who does what in New Zealand's offshore waters](http://mbie17.cwp.govt.nz/our-industry/factsheets/#accordion-149-heading) [http://mbie17.cwp.govt.nz/our-industry/factsheets/#accordion-149-heading]

Last updated: 19 January 2017

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