



**Australian Government**  
**Department of Industry,  
Innovation and Science**

# **Presentation to APPEA Board**

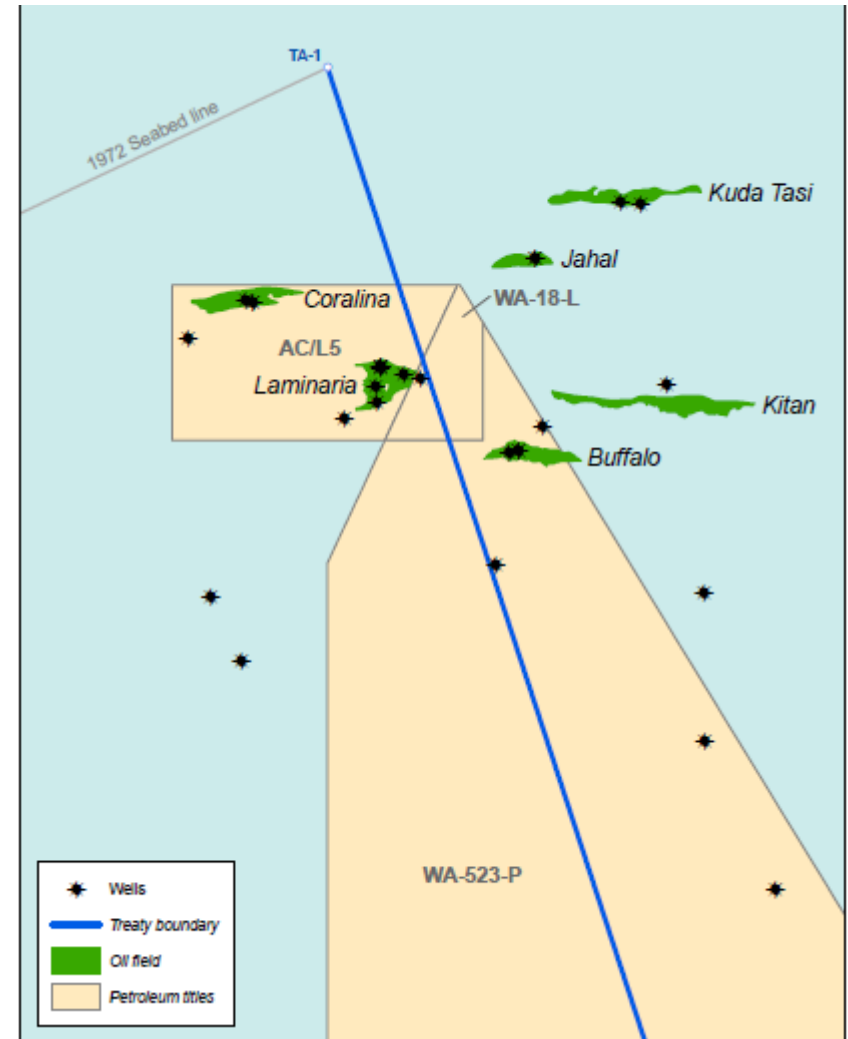
13 November 2019

# Overview

1. Treaty outcome for Laminaria-Corallina and Northern Oil and Gas Australia (NOGA)
2. Regulatory activities
3. Current status of voluntary administration process
4. Government response planning

# 1. Treaty outcome for Laminaria-Corallina (WA-18-L and AC/L5)

- Upon entry into force of the Maritime Boundaries Treaty (30 August 2019), portions of WA-18-L and AC/L5 transferred to Timor-Leste jurisdiction.
- Approximately 31km<sup>2</sup> was transferred across both licence areas:
  - WA-18-L went from 32km<sup>2</sup> to 9km<sup>2</sup>
  - AC/L5 went from 135km<sup>2</sup> to 127km<sup>2</sup>.
- None of the portions transferred contain known reserves, oil or gas infrastructure or facilities. No impact on operations (including continued access to existing PRRT credits).
- NOGA signed a Production Sharing Contract (PSC) with Timor-Leste for the transferred portions on 28 August 2019. The PSC had an effective date of entry into force of the Treaty – thus both came into effect at the same time.
- Australia and Timor-Leste also agreed in-principle that should there be resources found in the new PSC area, the states would work expeditiously to enable a cross-border project.



## 2. Regulatory activities



### From **NOPSEMA**:

- Since 2 June 2016 (when TSOGA took over title), 16 inspections of the Northern Endeavour (including offshore and office-based inspections) and 2 investigations have taken place.
- NOPSEMA has undertaken an average of 5 inspections per annum related to the Northern Endeavour since June 2016 – at least 2 per annum on board the facility an additional office-based inspections each year. NOPSEMA’s inspection policy provides that manned facilities have 2 inspections per annum.
- Multiple on board and office-based inspections relating to the Northern Endeavour were conducted leading up to the issuance of the Prohibition Notice on 10 July 2019.
- Following issuance of the Prohibition Notice, an office-based inspection was conducted from 16–17 July while an offshore (on board) inspection was conducted from 8–13 August.
- Following the Northern Endeavour transitioning into “lighthouse mode” (in doing so removing safety and environment threats) after the issuance of the prohibition notice, multiple meetings with the operator (UPS) and titleholder (TSOGA/KPMG) have been held and multiple onshore inspections conducted.

# 3. Status of voluntary administration process

Latest Circular to creditors (1 November 2019):

- Court approval for third funding agreement granted.
- The Further Advance was \$5.56m.
- The increase in the amount of the funding that is anticipated to be required through to 27 November 2019 relates primarily to:
  - Additional insurance premiums;
  - Additional anticipated costs in relation to work undertaken in connection with the renewal of classification of the Northern Endeavour FPSO; and
  - Inclusion of costs associated with a now scheduled offtake of the residual cargo of crude oil from the Northern Endeavour FPSO.
- The Administrators are currently preparing a detailed report to creditors which will be circulated in the coming weeks.
- A second meeting of creditors will be held on or before 27 November 2019 to determine the future of the companies.



# 4. Government response planning

- The government is monitoring the administration process closely – engaging with KPMG and UPS regularly.
- Government is hoping for a commercial solution to the voluntary administration process.
  - Aware that a Deed of Company Arrangement is being developed for consideration by creditors.
- If no commercial solution presents itself, government is hopeful that industry will step in with an industry-led response.
- At the same time, the government is considering its options so it is ready to respond if needed. Options may include:
  - Directions to former titleholders
  - Consideration of existing PRRT credits
  - Industry wide levy
  - Changes to transfers and dealings decisions
  - Changes to practice of financial assurance requirements

# Questions

