



Don Harwin MLC

Minister for Resources, Minister for Energy and Utilities,
Minister for the Arts, Vice-President of the Executive Council

Senator the Hon Matthew Canavan
Minister for Resources and Northern Australia
Parliament House
CANBERRA ACT 2600

Dear Minister,

I write in response to your letter, received by my office on 3 May 2017, requesting my decision in relation to the application from Asset Energy Pty Ltd (Asset) for a 12-month suspension of the year 2 and 3 work programs and a corresponding 18-month extension of the permit term for Petroleum Exploration Permit NSW/PEP 11.

In your letter you advise that the decision on this application should be to approve the application.

You will be aware that in October 2015 the NSW Government continued its work on reforming the legislative framework governing the petroleum and mining industries in NSW. The introduction of five new Bills represented the largest overhaul of legislation in this space in decades. As a result, the NSW Government has introduced higher performance standards, wider enforcement powers and tougher penalties for non-compliance. It also introduced the “use it or lose” it policy, whereby titleholders who do not efficiently and actively explore for or produce gas may lose their titles.

The reforms promote stronger accountability for industry, as well promoting the use of innovation and best practice to meet risk-based requirements.

As a result of these reforms, there are significant inconsistencies between the Commonwealth offshore and State onshore assessment and performance requirements in relation to exploration activities and titleholders, across a wide range of considerations, including financial, technical, reporting, environmental and community consultation standards.

PEP 11 has been in force since 1999 and has already had a number of suspensions and extensions in that time. This was noted by my predecessor, the Hon Anthony Roberts, in November 2015, when he wrote to oppose the previous extension application for PEP 11.

I have undertaken a careful review of the application and comments supplied by the National Offshore Petroleum Titles Administrator and the NSW Division of Resources and Geoscience. I find no reason to disagree with the previous position of the NSW government and as such, I too recommend that the application to suspend and extend the permit term of PEP 11 be refused.

I am acutely aware of the challenge we face as a nation in respect of affordable supplies of natural gas, and its feedstock derivatives such as ethane, for our industries, businesses and households.

NSW, as the largest economy in Australia, rich with potential gas reserves, has a role to play in contributing to a solution. However, we cannot do so at any cost. For this reason, and as noted above, the NSW Government introduced the NSW Gas Plan in 2015. It provided an opportunity to pause, re-set and now potentially re-start the operation of a safe and responsible gas industry performing to the highest standards, under a leading regulatory regime.

We would be happy to potentially support responsible off-shore development, but only once the off-shore regime corresponds more closely with the requirements of our on-shore regime.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Don Harwin", with a long, sweeping flourish extending to the right.

Don Harwin MLC

Leader of the Government in the Legislative Council

Minister for Resources

Minister for Energy and Utilities

Minister for the Arts

Vice-President of the Executive Council

2 JUN 2018




Senator the Hon Matthew Canavan

Minister for Resources and Northern Australia

MS16-002668

The Hon Donald Harwin MLC
Minister for Resources, Energy, Utilities and the Arts
GPO Box 5341
SYDNEY NSW 2000

- 3 MAY 2017

Dear Minister ,

I refer to the application from Asset Energy Pty Ltd (Asset) lodged on 10 June 2016 seeking a 12-month suspension of the year 2 and 3 work programs and a corresponding extension of the permit term for Petroleum Exploration Permit NSW/PEP11.

On 30 June 2016, the National Offshore Petroleum Titles Administrator (NOPTA) provided its advice to our respective departments and requested a final decision from the Commonwealth-New South Wales Offshore Petroleum Joint Authority (Joint Authority) by 18 July 2016.

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Therefore, as the Commonwealth member of the Commonwealth-New South Wales Offshore Petroleum Joint Authority, and in accordance with section 59(3)(a)(i) of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*, I give notice to you, as the responsible state Minister, that the decision on this application should be to approve an 18-month suspension of the year 2 and 3 work programs and a corresponding extension of the permit term.

I kindly request your decision within 30-days of the date of this notice, otherwise I will decide this matter and my decision will constitute the decision of the Joint Authority, in accordance with section 59(3)(b).

Yours sincerely



Matthew Canavan

CC: Mr Graeme Waters, National Offshore Petroleum Titles Administrator



Senator the Hon Matthew Canavan
Minister for Resources and Northern Australia

MS17-001491

The Hon Donald Harwin MLC
Minister for Resources, Energy, Utilities and the Arts
GPO Box 5341
SYDNEY NSW 2000

Dear Minister *Don*

Thank you for your letter of 2 June 2017 providing your recommendation as the state member of the Commonwealth-New South Wales Offshore Petroleum Joint Authority. I note you recommend refusal of Asset Energy Pty Ltd (Asset) applications for a 12-month suspension of the year 2 and 3 work programs and a corresponding extension of the permit term for Petroleum Exploration Permit NSW/PEP11.

In the letter of 3 May 2017, I advised that the decision should be to approve an 18-month suspension of the year 2 and 3 work programs and a corresponding extension of the permit term.

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While I acknowledge the efforts of NSW to review its regulatory regimes for onshore petroleum and mining activities, this permit is located in Commonwealth waters and administered under Commonwealth legislation. The Commonwealth regime is a national regime and must be administered consistently across offshore areas. Therefore, in this instance, I am of the view that your concern of inconsistencies between state and Commonwealth legislation is not a relevant consideration or sufficient ground to make an adverse decision, even if it were relevant.

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Therefore, as the Commonwealth member of the Commonwealth-New South Wales Offshore Petroleum Joint Authority, and in accordance with section 59(2) of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*, my decision is to approve a 30-month suspension of the year 2 and 3 work programs and a corresponding extension of the permit term of NSW/PEP11.

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Yours sincerely

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Matthew Canavan