

Tenure Matters

Issue 2 - April 2014



A column by Sue Slater, Senior Advisor Petroleum, RLMS

Welcome back to the second issue of Tenure Matters. Last month I discussed some of the legislative and policy changes underway for the resources industry. We all know that there are some flaws in the current Act. Whether the proposed changes to the structure of the legislation really address these remains to be seen; in the meantime we have to work with what we have. In this newsletter I want to take a more practical approach and talk about **Later Work Programs**.

At the end of the 4 year work program period each holder must submit a later work program and a relinquishment schedule. For ATPs granted with a 4 year term, a renewal must also be submitted.

First a word on relinquishment: submit your relinquishment in writing at the end of the term. The relinquishment takes effect the day after you lodge it with the Department (*section 65*). Therefore if you include a list of relinquished sub-blocks in your renewal or later work program application; which should be submitted 40 business days before the end of the current period; the sub-blocks are removed from the ATP 39 business days before the end of the period. If you are still finalising rehabilitation or landowner signoffs on those sub-blocks, they are no longer part of the ATP.

The sub-blocks must add up to 1/3 of the original size of the ATP, remembering that you cannot relinquish part of a block.

A later work program (LWP) (*section 51*) must meet all the requirements of the Act. These basically require you to state:

- what work you undertook in the current work program period;
- how that may have differed from the approved work program in your document;
- if it was different, why;
- why you consider that the work you undertook is substantially compliant;
- what you plan for the next work program period, year by year;
- the reports you submitted during the period;
- any petroleum discoveries made;
- capability criteria; and
- statements that other aspects of the ATP are compliant (e.g. rent etc.).

The LWP must be accompanied by relevant maps.

It is also useful to refer to the section about approval or decision making (in this case, *section 57, Deciding whether to approve proposed program*). For Later Work Programs, you also need to consider the requirements for an Initial Work Program (*section 48*) and the criteria for deciding the application (*section 49*).

There are no hard and fast rules about how much work should be in subsequent work programs, but there is a general expectation that as you reduce the area of the ATP and understand the geology of the area more fully, the work will increase as you move through the exploration stage towards appraisal. The goal is to appraise the area in the 12 years, and move to one or more Petroleum Lease applications, so work commitments should reflect that. (We will talk another time about Potential Commercial Areas!).

It is important to clearly articulate your reasoning and thinking. The tenure team in the Department cannot read your mind.

The Department has a guideline on Work Programs, which can be found at <http://mines.industry.qld.gov.au/mining/guidelines.htm>

A column about Later Work Programs wouldn't be complete without mentioning that the biggest issue with LWPs for industry is the time taken for the Department to approve (or otherwise). Periods of two to three years have not been uncommon. Clearly this creates uncertainty for explorers and impacts on the ability to raise funds or get approval for expenditure. If work doesn't commence until the approval is given, a major problem is then created with compliance for the subsequent period. The holder may have only one year (or sometimes less) in which to complete the four year work program that was approved; before they face the substantial compliance test again.

The Department's position is that *section 56* states an authority is taken to have a work program until a decision is made and the holder is still able to carry out any authorised activity. The only way to improve the outcome for industry under the current legislation is to address the decision making timeframes. This is a current focus of the Department, so hopefully we will see improvements there soon.

I am happy to hear suggestions about topics you would like covered. Feel free to email me at sue.slater@rlms.com.au with the subject heading Tenure Matters.

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*Level 14, 10 Eagle St
BRISBANE QLD 4000
P. +61 7 3229 8472
E. rlms@rlms.com.au*

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