

Guideline for Applying for a Variation, Suspension or Extension – Petroleum Exploration Permit

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Version 4

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| Acronyms | |
|--|-------------------------------|
| The following acronyms are used in this document | |
| NTG | Northern Territory Government |

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Purpose

This guideline aims to ensure that the Northern Territory Government (NTG) continues to assist oil and gas explorers to carry out effective exploration and to ultimately develop petroleum resources for the benefit of the Territory economy, while still meeting legislative requirements and providing transparency and accountability.

The guideline applies to all exploration permit holders or their representatives who wish to apply for a variation, suspension and/or extension to their technical work program.

By following the requirements in this guideline you will ensure that your application is processed in a timely way with minimal disruption to you.

Variation of Technical Work Program

You may lodge an application for a variation to your technical work program at any time, however you must ensure adequate time is given for an assessment to be made before entering the next year/period.

It is recommended that you lodge your application two months prior to entering the year the variation is proposed, e.g. if the variation is to apply to Year 4 the application should be lodged two months prior to entering Year 4.

While a variation may be necessary to meet your exploration activities in light of new information, the program must continue to be beneficial to the understanding of the permit resource potential.

Generally, only variations that are equivalent to or exceed the original work program will be approved.

A variation to reduce a work program will only be approved in special circumstances.

If a work program consists of one well, the program cannot be varied to drop that well as this will significantly impact the chance of making a commercial petroleum discovery. If you believe that there is no drillable prospect in an exploration permit, you should consider surrendering it.

If a work program consists of more than one well, you may apply to reduce the number of wells.

You may also apply to reduce a seismic acquisition/processing or airborne geophysical survey commitment in your work program.

When assessing your application for a variation, the following will be considered:

- whether your varied work program meets or exceeds the objectives of the original program
- if you have demonstrated that significant effort has been made to identify and assess the petroleum potential of the permit and have provided compelling supportive documentary evidence
- if the geological and technical evaluation demonstrates that identified drillable prospects are less than the number of exploration wells proposed in the original work program.

Suspension and/or Extension of Technical Work Program

You may lodge an application for a suspension and/or an extension of your technical work program commitments where:

- geological knowledge is gained, i.e. you have technical and geological justification
- the timing of an activity is affected by a force majeure circumstance
- the suspension and/or an extension of your technical work program commitments is in the best interests of the Territory.

A suspension will defer the end date of a current permit year but will not change the end date of subsequent permit years. That is, a suspension of a permit year suspends the deadline for compliance with a work program condition.

An example of a 12 month suspension of permit year 3 is below.

| Year | Permit Year Starts | Permit Year Ends | Minimum Work Requirements |
|------|--------------------|-------------------------------------|---|
| 3 | 10/01/2015 | 09/01/2016 09/01/2017 | 500km 2D Seismic Survey; Drill two wells |
| 4 | 10/01/2016 | 09/01/2017 | Drill one well |
| 5 | 10/01/2017 | 09/01/2018 | Assessment of petroleum resource potential |

A suspension and extension will defer the end date of the current permit year and all subsequent permit years.

An example of a 12 month suspension of permit year 4 and extension of the permit term is below.

| Year | Permit Year Starts | Permit Year Ends | Minimum Work Requirements |
|------|-------------------------------------|-------------------------------------|---|
| 3 | 10/01/2015 | 09/01/2016 09/01/2017 | 500km 2D Seismic Survey; Drill two wells |
| 4 | 10/01/2016 10/01/2017 | 09/01/2017 09/01/2018 | Drill one well |
| 5 | 10/01/2017 10/01/2018 | 09/01/2018 09/01/2019 | Assessment of petroleum resource potential |

It is recommended that you lodge your application prior to entering the year the suspension and extension or suspension is proposed or as soon as possible. Timely lodgement of the application will reduce the risk of falling in non-compliance if the application gets refused.

Force Majeure

If your technical work program commitments are adversely impacted by an event that could not have reasonably been anticipated or controlled, you may apply for a suspension and/or extension on grounds of force majeure.

Your application must include substantial and compelling documentary evidence to demonstrate the impact of the event on your ability to complete your work program.

Commercial circumstances and risks common to the industry are not considered force majeure. These factors may affect the perceived commercial viability of an activity but generally do not prevent you from adhering to your commitments.

Events that are not considered force majeure include but are not limited to:

- avoidable delays in receiving processed/reprocessed data from contractors
- failure to mature a drillable prospect
- changes in oil price
- poor quality seismic data
- difficulty attracting a farm-in partner
- avoidable delays in contracting a drilling rig/seismic acquisition equipment
- difficulty in raising capital
- disappointing exploration results
- the need to wait for the results of exploration work undertaken outside the permit area
- rescheduling of appraisal/development wells ahead of exploration wells.

Related Legislation

- [Petroleum Act](#)
- [Petroleum Regulations](#)

Further Information

Email petroleum.operations@nt.gov.au