

Notes to accompany the retention lease Annual Assessment Report form – for petroleum retention leases or geothermal retention leases

Petroleum, Geothermal Energy and Greenhouse Gas Storage (Resource Management and Administration) Regulations 2015 and
Petroleum and Greenhouse Gas Storage (Submerged Lands) (Resource Management and Administration) Regulations 2015

Purpose

DMPE provides an approved form for submitting an Annual Assessment Report (AAR) for the purpose of section 152A of the *Petroleum, Geothermal Energy and Greenhouse Gas Storage Act 1967* (PGE GSA) and section 152J of the *Petroleum and Greenhouse Gas Storage (Submerged Lands) Act 1982* (PGGS(SL)A). This guide note is to inform title holders of the information to be submitted in an AAR in the **approved form**. The intended audience for this guide note is all petroleum and geothermal lessees.

Objectives

The approved form for AARs has been developed to improve reporting consistency for retention leases. The Department of Mines, Petroleum and Exploration (DMPE) assesses submitted AARs with regard to:

- title holders' compliance with any conditions on the title instrument, including the work program;
- details of work and studies undertaken in the reporting period;

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- details of future work to be undertaken;
 - consistency in resource reporting of petroleum, regulated substances and geothermal energy; and
 - the reports submitted to DMPE during the reporting period.



Required information

References to items in the regulations within this guide note are consistent with the Petroleum, Geothermal Energy and Greenhouse Gas Storage (Resource Management and Administration) Regulations 2015 in force under PGE GSA and the Petroleum and Greenhouse Gas Storage (Submerged Lands) (Resource Management and Administration) Regulations 2015 in force under PGG(SL)A, together referred to as RMAR. Note that item numbers are the same under both sets of regulations.

Regulation 37(2) – For the purposes of subregulation (1), the required information for a petroleum retention lessee or geothermal retention lessee is listed in Schedule 2 Division 2.

Additional information

Regulation 37(3) – An annual assessment report may include any other information that the title holder believes is relevant to the title.

Approved form

The approved form sets out the required information from petroleum lessees or geothermal lessees to prepare and submit an AAR in accordance with their annual reporting obligations, as prescribed in the RMAR.

Lessees are required to be aware of their rights and obligations under the PGE GSA), the PGG(SL)A, and Part 5 and Schedule 2 of the RMAR.

Subject to regulation 37, a title holder must give the Minister an AAR providing the required information for each year of a term of the lease. The AAR is due within 30 days after each anniversary of the day in which the title came into force. The Minister may accept an AAR submitted before the anniversary date, provided it contains all the required information for the relevant reporting period.

The AAR may include multiple titles in a combined report if prior written agreement has been obtained pursuant to regulation 38.

An AAR is excluded information under regulation 82 of the RMAR and therefore permanently confidential under regulation 83. All AARs submitted to DMPE should be marked as **Permanently Confidential**.

A lessee may be required to provide an AAR for part of a year pursuant to regulation 39, which applies where a title ceases to be in force (i.e. has expired, was surrendered, cancelled, revoked or terminated), or if the term of the title was not a whole number of years (for example, where a lease is deemed to continue in force per section 48G(9) of PGE GSA or section 38G(9) of PGG(SL)A).



Compliance

An AAR may be considered **unacceptable and require resubmission** where:

- the reporting period is incorrect;
- required information under Schedule 2 Division 2 has not been adequately addressed; or
- information contained within the AAR is inconsistent with other sections of the report, departmental records, or the current title instrument.

An unacceptable AAR does not necessarily indicate title non-compliance; however, it may warrant further investigation where deficiencies prevent the department from adequately assessing compliance with legislative obligations, title conditions, or approved work program commitments.

A work commitment must be carried out within the lease area, in accordance with all required approvals, and to a standard accepted by the Minister or the department. A commitment is considered completed only when the activity has fulfilled the minimum work commitment within the relevant lease year. Commencing an activity without fulfilling the minimum work commitment does not constitute completion. Work is not regarded as completed merely because it has begun, resources have been allocated, contracts have been executed, equipment has been mobilised, or expenditure has been incurred.

If a lessee reasonably expects that a commitment will not be completed by the end of the lease year, the permittee should contact the department and apply for an available statutory remedy – such as a suspension with or without extension of the title term – before the commitment becomes due.

Completion is generally demonstrated through submission and acceptance of the relevant operational results, data and reports. For geological and geophysical study commitments, completion is ordinarily demonstrated by providing study outputs or other evidence sufficient for the regulator to assess whether the work has been undertaken to a standard acceptable to the Minister. A study that is not submitted, or for which sufficient evidence of completion is not provided, may be treated as an unsatisfied work commitment, even if technical work is claimed to have been undertaken internally.



Notes on specific items under Schedule 2 Division 2

Required information: petroleum retention lessee or geothermal retention lessee

Item 6:

Information to be provided for Item 6 is as per the current title instrument and should be consistent with the instrument in force at the end of the reporting period. If a variation to a title condition is still under assessment, the lessee should include this detail as discretionary information under Regulation 37(3) of the form.

Item 7(a):

This information is used to identify and track compliance with the conditions to which a lease is subject, such as those relating to the work program. Lessees are advised that only work undertaken within the lease area will meet a work program commitment condition.

Actual expenditure should reflect the total actual expenditure incurred in undertaking each activity associated with the work program title conditions (including drilling, seismic surveys or other studies) during the reporting period and not be an estimate. Title administration costs should be listed separately from work expenditure. Amounts should be reported in Australian dollars.

Item 7(b):

The AAR should summarise all work, evaluations and study efforts (geological, geophysical and/or technical), including surveys and drilling, that have furthered the understanding of the petroleum or regulated substance pool (as applicable) or geothermal energy potential of the lease. Provide support for any changes to the development strategy being pursued as a result of the updated knowledge, new data, techniques etc.

Actual work undertaken (whether per a work program commitment, or considered in addition to commitments) should be described in relation to an activity, for example:

- For geotechnical studies – seismic planning, seismic interpretation, rock property studies, geological studies, petrophysical interpretation, static and dynamic modelling etc.
- For exclusive survey acquisition – the name of the survey, type (2D, 3D, AEM, gravity, etc.), size of survey (line km/km²) within the lease area.
- For non-exclusive surveys (purchase/licensing) – the name of the dataset, the name of the survey, total area, size of survey (line km/km²) within the lease area.
- For seismic processing or reprocessing – the name of the survey, processed or reprocessed, type of processing, amount of data (line km/km²) processed within the permit area.
- For well activities – the name of the well.



Specific information should relate to:

- any well activity during the reporting period, including any drilling or testing;
- studies (geological, geophysical, geotechnical, engineering, etc.);
- new data and surveys;
- updated knowledge of the resources pool or geothermal energy resource area; and
- updated assessment of any resource pool or geothermal energy resources.

Where a discovery has been made within the lease, this summary should identify how the work undertaken has contributed to the understanding and evaluation of the resources pool and any revision to previous resource estimates. Reporting of any resources should follow Society of Petroleum Engineers Petroleum Resources Management System (SPE-PRMS) guidelines for petroleum and regulated substances or the United Nations Framework Classifications for Resources Update (UNFC) (2019) for geothermal energy resources, as applicable.

Item 7(b) (continued):

Regarding provision of details of prospects and leads, the regulations do not specify the manner or detail in which this information should be provided, therefore the department has included tables in this template that reflect the standard descriptive methodology used by industry to convey this information. Only the tables applicable to the resource type in the title are required; the other tables should be deleted prior to submission. Comments may be expanded upon for all leads and prospects, including those identified during the reporting period, in relation to the summary of progress in characterisation or understanding of lead/prospect; for example, new seismic, revised mapping, charge modelling, change to resource estimate, plans for drilling, and maturation efforts.

In respect of each lead and prospect identified or further evaluated during the reporting period, the department recommends including the following information:

- A clear and concise map with legible contours that shows the location and outline of all leads and prospects within the licence area are currently considered valid.
- A description of all leads and prospects, providing details on the trap type and mechanism, reservoir, source rock and seal for each individual prospect/lead.
- Maturation efforts for all leads and prospects, including those identified during the reporting period.
- Any previous prospects or leads that have been downgraded due to further work carried out and the technical justification to support this.

For resources mentioned in Tables AA, BB, and CC, the prospective resources are recoverable volumes or mass, not initially in place volumes or mass.



Item 8:

Reports to be included: Annual Assessment Reports (including revisions/resubmissions), reports/data associated with a work program, operational activity or study, etc (e.g. final well activity reports, survey acquisition reports, interpretative reports, etc.).

Do not include reports submitted under regulations **other than** RMAR (e.g. environmental reports under the Environment Regulations; safety reports under Work Health and Safety (Petroleum and Geothermal Energy Operations) Regulations 2022; or applications (e.g. well management plans, suspension/extension/variation applications, etc.).

Item 9:

The department suggests outlining a work program that addresses all aspects of barriers to development of known discoveries.

These may relate to planned activities that address or mitigate against:

- any geological and geophysical barriers;
- any technological and engineering issues; and
- any commercial barriers to development.

This detail should also include or demonstrate a path to commercialisation of discovered resources.

Item 10:

This information is used to identify and track compliance with the conditions to which a lease is subject, such as those relating to the work program.

Details are only required for work program commitments covered by the next reporting period.

Planned or scheduled work (whether to meet a work program commitment, or considered in addition to commitments) should be described in relation to an activity, for example:

- For geotechnical studies – seismic planning, seismic interpretation, rock property studies, geological studies, petrophysical interpretation, static and dynamic modelling, etc.
- For exclusive survey acquisition – the name of the survey, type (2D, 3D, AEM, gravity, etc.), size of survey (line km/km²) within the lease area.
- For non-exclusive surveys (purchase/licensing) – the name of the dataset, the name of the survey, total area, size of survey (line km/km²) within the lease area.
- For seismic processing or reprocessing – the name of the survey, processed or reprocessed, type of processing, amount of data (line km/km²) processed within the lease area.
- For well activities – the name of the well.



Measures taken to prepare for the planned or scheduled work may include land access negotiations, approvals sought/received, contracts for drilling rig or survey, etc.

Item 11(a-f):

‘For a year after the first year’ has the meaning of ‘For every year after Lease Year 1’.

The description of the resource pool(s) should include a depth structure map, cross-section (strike and dip or inline and crossline), stratigraphic column and well log, as well as a description of the resource system (e.g. trap, reservoir, seal and source rock for a petroleum system) or provide a reference to a document previously submitted to DMPE which has this information.

‘At the end of the previous year’ has the meaning of the end of the previous calendar year (1 January to 31 December).

For petroleum and regulated substances, the categorisation and classification of estimates in the template should be consistent with those defined in the SPE Petroleum Resources Management System (SPE-PRMS) 2018 and the Guidelines for Application of the Petroleum Resources Management System (July 2022). For geothermal energy, the reporting should follow the United Nations Framework Classifications for Resources Update 2019 (UNFC), as applicable.

Probabilistic (P90, P50 and P10) or deterministic (low, best and high) estimates for 1P, 2P and 3P reserves and 1C, 2C and 3C contingent resources are acceptable under the SPE-PRMS 2018.

Volumes should be reported at Standard Conditions, 15.56 °C (60 °F) and 101.325 kPa (1 atm); 1 cf = 0.02831685 m³; 1 MMbbl = 0.1589873 GL.

If the volumes reported under Items 11(c) and (d) represent a change in the petroleum/regulated substance initially in place, estimated ultimate recovery, reserves or contingent resources reported in previous years, the new or revised data that result in the changes should be included under Item 11(b). If by the time of submission of the AAR, no detailed information is ready for submission, the AAR should include a summary of the reasons and impact on the changes, and a timeline for providing the supporting data/studies.

Specifically for Item 11(f):

In contrast to the tables under Item 11(c), where the contingent resources are reported for individual pools, the table under 11(f) summarises the total reserves or contingent resources for the field.

It is required that a summary table for the reserves and contingent resources in Excel format from all pools should be included as an attachment to the AAR. The approved form is linked [here](#).



Item 12:

This item relates to conditions of lease in accordance with section 48H of PGEGGSA and section 38H of PGGS(SL)A. This information is used to identify and track compliance with the conditions to which a lease is subject.

Regulation 37(3)

This regulation allows for the lessee to include any discretionary information in the AAR. This may include an overview, which outlines the main aspects of the lease, for example:

- summary of exploration and appraisal activities undertaken during the reporting period;
- brief outline of reference case development concept and other development options;
- brief summary of any barriers to commercialisation;
- relevant lease history;
- applications and relevant dealings having an effect on the lease, lodged or approved within the reporting period; and
- anything else the lessee wishes to include.

This may be included under “Additional Information” or under the appropriate section within the report.