

PETROLEUM SEARCH SUBSIDY.

No. 60 of 1959.

An Act to Encourage the Search for Petroleum in Australia by Subsidizing Stratigraphic Drilling and certain other Operations.

[Assented to 4th November, 1959.]

BE it enacted by the Queen's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows :—

1. This Act may be cited as the *Petroleum Search Subsidy Act 1959*. Short title.

2. This Act shall come into operation on the day on which it receives the Royal Assent. Commencement.

3. In this Act, unless the contrary intention appears— Definitions.
 - “ agreement ” means an agreement under this Act for the payment of subsidy in respect of an approved operation;
 - “ approved operation ” means an operation approved by the Minister for the purposes of this Act;
 - “ Australia ” includes the Territories to which this Act extends;
 - “ bore-hole survey ” means a survey of a bore-hole for the purpose of obtaining, in connexion with the search for petroleum in Australia, information as to the physical properties of formations penetrated in the hole and, where appropriate, measurements of variations in the direction and inclination of the hole;
 - “ drilling operation ” means the drilling of a hole for the purpose of obtaining stratigraphic information in connexion with the search for petroleum in Australia;
 - “ geophysical survey ” means a survey employing magnetic, seismic, gravimetric or other physical methods for the purpose of obtaining information in connexion with the search for petroleum in Australia;
 - “ off-structure drilling operation ” means a drilling operation that the Secretary certifies to be in an area in which, so far as the Secretary is aware, a structure favourable to the accumulation of petroleum does not exist;
 - “ operation ” means a drilling operation, a bore-hole survey or a geophysical survey;

“ person ” includes a partnership or syndicate;

“ petroleum ” means naturally occurring hydrocarbons in a free state, whether gaseous, liquid or solid, but does not include coal or shale or any substance that may be extracted from coal, shale or other rock by the application of heat or by a chemical process;

“ subsidy ” means subsidy under an agreement;

“ the Secretary ” means the Secretary to the Department of National Development.

Extension of Act to certain Territories.

4. This Act extends to the Territory of Papua and the Territory of New Guinea.

Applications not to be lodged under *Petroleum Search Subsidy Act 1957-1958.*

5. After the commencement of this Act, applications for approval by the Minister of proposed drilling operations shall not be lodged under the *Petroleum Search Subsidy Act 1957-1958.*

Subsidy.

6.—(1.) Subsidy is payable in accordance with agreements entered into by the Minister under this Act in relation to the approved operations to which the agreements relate.

(2.) Subsidy under an agreement is payable to the person with whom the Minister enters into the agreement.

(3.) Subsidy is payable out of moneys appropriated by the Parliament for the purposes of this Act.

Approval of drilling and other operations.

7.—(1.) A person who proposes to carry out an operation in Australia may lodge with the Secretary an application in writing for the Minister's approval of the proposed operation.

(2.) The applicant shall furnish to the Secretary—

(a) particulars of the reason for carrying out the proposed operation, including an appreciation of the geology of the area in which the proposed operation is to be carried out and of the new stratigraphic information that the proposed operation is expected to provide;

(b) particulars of the estimated costs of carrying out the proposed operation;

(c) particulars of the work comprising the proposed operation and of the times at which it is intended to complete the various stages of the proposed operation;

(d) particulars of any contract that the applicant has entered into, or proposes to enter into, for the performance on behalf of the applicant by another person of the whole or any part of the proposed operation or work connected with the proposed operation;

(e) information as to the capability, including the financial means, of the applicant to carry out the proposed operation; and

(f) such other information as the Secretary requires.

(3.) The Secretary shall, after taking into consideration—

- (a) the information furnished by the applicant with respect to the proposed operation;
- (b) the extent to which the proposed operation is likely to assist in the search for petroleum in Australia; and
- (c) any other matters that the Secretary considers to be relevant,

recommend to the Minister whether, for the purposes of this Act, approval should be given to the proposed operation.

(4.) After considering the recommendation of the Secretary, the Minister may approve the proposed operation or may refuse his approval.

(5.) Where the Minister approves a proposed operation, the Secretary shall give notice in writing to the applicant of the approval.

(6.) The Secretary may, unless otherwise directed by the Minister, defer making a recommendation in respect of an application under this section for such time as he thinks fit.

8. Where the Minister has approved a proposed operation, the Minister may, in his discretion, enter into an agreement on behalf of the Commonwealth with the person who made the application for approval for the payment to that person of subsidy in respect of the operation.

9.—(1.) Subject to this section, an agreement shall provide that the subsidy in respect of the approved operation to which the agreement applies shall be—

- (a) in the case of a drilling operation other than an off-structure drilling operation—an amount equal to one-half;
- (b) in the case of an off-structure drilling operation—an amount equal to two-thirds;
- (c) in the case of a bore-hole survey of a water-bore—an amount equal to the whole or such proportion as is specified in the agreement;
- (d) in the case of a bore-hole survey of a bore other than a water-bore—an amount equal to one-half; or
- (e) in the case of a geophysical survey—an amount equal to one-half,

of the costs incurred by the person with whom the agreement is made in and in connexion with the approved operation.

(2.) An agreement may provide that, notwithstanding the provisions of the agreement giving effect to the last preceding sub-section, the amount of the subsidy shall not exceed an amount specified in the agreement.

(3.) An agreement shall contain provisions specifying the manner in which the costs incurred in and in connexion with carrying out the approved operation shall be ascertained for the purposes of the agreement and, without limiting the generality of the foregoing, the agreement may—

- (a) specify items of cost that shall be taken into account;
- (b) provide that the whole or a specified part of an item of cost specified in the agreement shall not be taken into account;
- (c) provide for the disallowance, or the variation of the amount, of an item of cost by the Minister; and
- (d) provide for the disallowance by the Minister, in whole or in part, of costs incurred in or in respect of a period during which the operation is interrupted or restricted.

Terms and
conditions of
agreement.

10. Subject to this Act, an agreement may contain such terms and conditions as are agreed upon between the Minister and the other party to the agreement and, without limiting the generality of the foregoing, the agreement may make provision for or in relation to—

- (a) the making of payments on account of subsidy and the repayment of any amount by which payments so made exceed the subsidy;
- (b) the withholding by the Minister of payment of subsidy, or the reduction by the Minister of the amount of subsidy, under circumstances specified in the agreement;
- (c) in the case of a drilling operation—the rights and obligations of the parties to the agreement (whether with respect to subsidy or otherwise) in the event—
 - (i) of the operation being discontinued before the operation has been completed;
 - (ii) of drilling being continued to a depth greater than that required by the agreement; or
 - (iii) of petroleum being discovered in the course of carrying out the operation;
- (d) the continuation by the Commonwealth of the operation where the operation has been discontinued or completed;
- (e) the inspection by or on behalf of the Minister of any workings connected with the operation or of books and records kept in respect of the operation;
- (f) the supplying to the Minister of samples (including, in the case of a drilling operation, cores and cuttings) and information obtained during the course of the operation; and

- (g) the publishing by the Commonwealth of scientific and technical information obtained by reason of the operation.

11.—(1.) Where an operation was commenced on or after the first day of May, One thousand nine hundred and fifty-nine, and before the commencement of this Act, not being an operation in respect of which a contract was entered into by any person before that day, an application under this Act for approval of the operation may be made and that approval may be granted at any time before the completion of the operation or the expiration of a period of three months after the commencement of this Act, whichever first occurs.

Subsidy payable only in respect of operations carried out between certain dates.

(2.) An agreement shall specify the period, being a period ending not later than the thirtieth day of June, One thousand nine hundred and sixty-three, within which the approved operation to which the agreement relates is to be completed.

12. The Minister shall, as soon as practicable after the end of each financial year in which subsidy is paid, cause to be tabled in each House of the Parliament a statement concerning the operation of this Act, the applications under section seven of this Act in respect of which the Minister refused approval or the Secretary deferred a recommendation, and the payment of subsidy, during that financial year.

Statement for Parliament.
