



2014 NEW ZEALAND **BLOCK** **OFFER**

CONSULTATION DOCUMENT:
Proposal for Petroleum
Exploration Permit Round

New Zealand Government



NEW ZEALAND
PETROLEUM & MINERALS

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PROPOSAL FOR PETROLEUM EXPLORATION PERMIT ROUND

The Minister of Energy and Resources, Hon Simon Bridges [Minister] intends to invite bids for petroleum exploration permits in the New Zealand Petroleum Exploration Permit Round 2014 [Block Offer 2014].

The Government is seeking to attract companies that have demonstrated ability to prospect, explore and mine petroleum in a safe and environmentally responsible way.

Block Offer 2014 is administered by New Zealand Petroleum & Minerals (NZP&M), a branch of the Ministry of Business, Innovation and Employment (MBIE).

The purpose of this document is to give iwi, hapū and local authorities notice of the proposed Block Offer 2014, in accordance with the Minerals Programme for Petroleum 2013 [Petroleum Programme].

This consultation document sets out:

1. the details of Block Offer 2014 [including maps of the areas being considered];
2. the types of activities that may take place should a permit be granted;
3. the proposed timing of Block Offer 2014;
4. the proposed conditions of Block Offer 2014; and
5. the consultation process.

Iwi and hapū have 40 working days to comment on any aspect of the proposal and may request:

- > that certain areas within the proposed blocks [or whole blocks] not be included in Block Offer 2014; and/or
- > that activities within certain areas within the proposed permit areas be subject to additional requirements that recognise the particular characteristics of those areas.

Following consultation with iwi and hapū about Block Offer 2014, NZP&M will prepare a report for the Minister. The Minister will then make a final decision on the blocks to be included in Block Offer 2014.

Please note that further consultation will not be undertaken with iwi and hapū between the public notification of Block Offer 2014 and subsequent decisions on the grant of petroleum exploration permits.

1. Details of Block Offer 2014

A mix of onshore and offshore release areas around New Zealand are proposed to be included in Block Offer 2014.

The areas offer a range of mature and frontier acreage - spanning small blocks in well-explored areas through to large blocks in frontier regions where little or no exploration has taken place.

Block Offer 2014 requires bidders to submit "staged work programme bids" - where bids are submitted to undertake a work programme to explore for petroleum resources.

The Government is consulting on a total area of 433,940.27 square kilometres across five proposed offshore areas and three proposed onshore areas.

Proposed offshore areas are in:

- > **Reinga Northland Basin**
85,009.38 km² area of consultation
- > **New Caledonia Basin**
49,051.79 km² area of consultation
- > **Taranaki Basin**
55,032.44 km² area of consultation
- > **Pegasus-East Coast Basin**
75,136.03 km² area of consultation
- > **Great South Canterbury Basin**
154,293.88 km² area of consultation.

Proposed onshore areas are in:

- > **East Coast Basin (North Island)**
3,142.79 km² area of consultation
- > **Taranaki Basin**
2,403.43 km² area of consultation
- > **West Coast Basin (South Island)**
9,870.54 km² area of consultation.

The areas being consulted on exclude any existing permits - except where existing permits are due for relinquishment before 1 April 2014 when the Block Offer 2014 tender is opened.

Areas listed within Schedule 4 of the Crown Minerals Act 1991, World Heritage sites and marine reserves have also been removed from all the proposed areas.

Note that the proposed areas contain some acreage that is currently being offered in the Block Offer 2013 tender round. An announcement on any permits that are yet to be granted is expected in December 2013.

Two maps of the proposed Block Offer 2014 areas are attached: one shows the nationwide proposals and the other shows the proposals for your region in greater detail. These are also available from the NZP&M website at: www.nzpam.govt.nz/cms/petroleum/block-offers



2. The types of activities that may take place should an exploration permit be granted

The specific exploration activities to be undertaken in a permitted area are not determined as part of the Block Offer process. However, a minimum work programme will be specified which will require exploration drilling during the term of the permit.

Exploration programmes are usually conducted in several stages. Activities generally include seismic surveys, sampling, aeromagnetic surveys, geological mapping, geochemical surveys, geophysical surveys, compiling reports and analysing data. A summary of these key activities is set out below:

Geological mapping

A geological map of an area of prospective petroleum sites shows geological features beneath the earth's surface. They can be compiled from existing geological information, maps and/or new field work.

Geochemical surveys

Geochemical surveys involve collection and analysis of rock and fluid samples, which are used to show the areas where concentrations of petroleum may lie in the permit area.

Geophysical surveys

These surveys can be used to explore for petroleum without the large scale removal of any sediments or disturbances of the landscape. They provide information about the nature of the earth's subsurface.

Exploratory drilling

Exploratory drilling usually occurs in the middle and latter stages of the exploration permit but can occur earlier in well-explored areas.

Exploratory drilling identifies the places within the permit area that are most likely to contain commercially recoverable amounts of oil and gas.

It's important to note that exploratory drilling is different from petroleum production. In order to undertake long-term production activities, a permit holder will require a petroleum mining permit from the Minister and either a marine consent from the Environmental Protection Authority [offshore] or a consent from a local authority [onshore].

3. Proposed timing

Milestone	Indicative Dates
Announcement of proposed Block Offer 2014	18 September
Consultation with iwi	19 September – 14 November 2013
Launch of Block Offer 2014	April 2014
Closing date of tender	September 2014
Announcement of permit grants	December 2014

4. Proposed conditions

Duration

It is proposed that all permits granted under Block Offer 2014 will commence on 1 April 2015 and run until:

- > Onshore Taranaki, East Coast and West Coast – up to 10 years from the commencement date.
- > Offshore Taranaki – up to 12 or 15 years from the commencement date.
- > Offshore New Caledonia, Reinga Northland, Pegasus-East Coast and Great South Canterbury – up to 15 years from the commencement date.

Other conditions

All permits granted under Block Offer 2014 will be subject to general conditions together with an agreed work programme. For example:

- > Permit holders are required to report on their iwi/hapū engagement activity
- > Permit holders are required to meet high health, safety and environmental standards in their activities. These are designed to:
 - > Strengthen the management of hazards having the potential to cause a major accident.
 - > Reduce the likelihood of an uncontrolled release of oil and gas (or blowout) occurring during well operations.
 - > Ensure the regulator has sufficient data to inform the targeting of regulatory interventions and the preparation of preventative guidance.

5. The consultation process

As mentioned on page 1, iwi and hapū have 40 working days to comment on any aspect of the proposal and may request:

- > that certain areas within the proposed areas not be included in Block Offer 2014; and/or
- > that activities within certain areas be subject to additional requirements that recognise the particular characteristics of those areas.

Chapter 2 of the Petroleum Programme provides guidance that may assist any iwi and hapū who wish to make a request or to comment on Block Offer 2014. Summary of this guidance is set out below.

Requests by iwi and hapū to protect certain land

Where iwi and hapū request that certain areas not be included in Block Offer 2014, or that activities within certain areas be subject to additional requirements, they should provide an accurate description of the areas and set out the reasons for their request to assist the Minister to consider the request effectively. The matters that should be covered include (but are not limited to):

- > what it is about the area that makes it important to the mana of iwi and hapū;
- > whether the area is a known wāhi tapu site;
- > the uniqueness of the area – for example, whether it is one of a number of mahinga kai (food gathering) areas or the only waka tauranga (landing place of ancestral canoes);
- > whether the importance of the area to iwi and hapū has already been demonstrated – for example, by Treaty claims and settlements, and objections made by iwi and hapū under other legislation;
- > any Treaty claims that may be relevant and whether granting a permit over the land would impede the prospect of redress of grievances under the Treaty;

- > any customary rights and/or interests granted under the Marine and Coastal Area [Takutai Moana] Act 2011; and
- > any iwi management plans in place that specifically state that the area should be excluded from certain activities.

Where iwi or hapū have requested that land be excluded from Block Offer 2014, or that activities within certain areas be subject to additional requirements, or that other Block Offer 2014 conditions be amended, the Minister will, with advice from the Ministry, consider and make a decision on the request. A submission can include whatever information an iwi or hapū feel is appropriate to support their request.

It is useful to include accurate description of the area or areas that an iwi or hapū is requesting to be excluded. In this regard, a map is particularly helpful, if available.

The iwi and hapū who made the request will be informed in writing of the Minister's decision. If the request is declined, the reasons will be provided.

Matters the Minister must consider when considering requests to protect certain land

When considering requests by iwi and hapū to exclude any land from Block Offer 2014 or to subject activities in certain areas to additional requirements, the Minister must take into account:

- > the matters raised by iwi and hapū;
- > the exercise of customary marine title or of protected customary rights under the Marine and Coastal [Takutai Moana] Act 2011;
- > whether the area is already adequately protected under other legislation – for example, the Resource Management Act 1991, the Conservation Act 1987 or the Historic Places Act 1993;
- > the size of the area and the value of the potential resource affected if the area is excluded; and
- > the impact on the viability of undertaking work under a permit if activities within certain areas are subject to additional requirements.

While there is no set method of weighing up the different considerations outlined above, an iwi or hapū may wish to address these points in their submission if they are relevant.

For example, if an iwi or hapū does not consider that an area is adequately protected by other legislation, such as the Resource Management Act 1991 or the Exclusive Economic Zone and Continental Shelf [Environmental Effects] Act 2012, it is particularly useful to know why [such as the sites not being recorded in a District or Regional plan for example].

Form of consultation with iwi and hapū may be flexible

Subject to any protocols [Crown Minerals Protocols] that apply to the consultation concerned, the form of the consultation process is flexible. A register of protocols that the Minister has issued with iwi and hapū is available on our website: www.nzpam.govt.nz/cms/iwi-communities.

If iwi and hapū and the Crown think it appropriate, there may be face-to-face [kanohi ki te kanohi] consultation or the holding of a hui.

If relevant iwi and hapū have an organisation established to foster consultation processes, the Chief Executive of MBIE and NZP&M would be pleased to work with it.

Notifications to iwi and hapū

NZP&M will notify relevant iwi and hapū that a permit has been granted, including providing information on where the details of the permit (including the permit holder, permit operator, location, and work programme) may be found. The notification will be given whether or not the iwi or hapū made comments during the consultation processes for Block Offer 2014.

GUIDE TO MAKING A SUBMISSION FOR IWI AND HAPŪ

This guide is designed to assist iwi and hapū in making a request for certain areas or sites of significance should not be included in Block Offer 2014, or that activities within certain areas be subject to additional requirements.

When making a submission you should clearly identify the areas you seek to have excluded or subject to additional requirements, and set out the reasons why you seek this request.

Please note that any submission received by MBIE will be published on the NZP&M website (with the exception of personal information and anything marked 'sensitive').

Personal information and information marked 'sensitive' will still be subject to the Official Information Act 1982. However, in the event that we propose to release any of that information, we will consult with you before.

Key questions to consider when preparing a submission include:

1. **Please describe the area you wish the Minister of Energy and Resources to consider excluding from this application.**
For example, 30 metres either side of XXX.
2. **What is it about the area that makes it important to the mana of iwi and hapū?**
For example, what was/is the site used for?
3. **Is the area already registered as a wāhi tapu site? If so, where has it been registered?**
4. **How is the area unique?** For example, is it one of a number of mahinga kai areas or the only waka tauranga?
5. **Do you have an iwi management plan in place, in which the area is specifically mentioned as being important and should be excluded from certain activities?**
If so, please attach a copy of the relevant parts of the iwi management plan.
6. **Are you able to provide co-ordinates or reference to existing map details?**
If so, please provide details of where this information is available.
7. **Are there any Treaty claims which may be relevant and granting a permit over the land would impede the prospect of redress of grievances under the Treaty?**
8. **Are there any customary rights and/or interests granted under the Marine and Coastal Areas (Takutai Moana) Act 2011?**
9. **Is the area already protected under other legislation?** For example, under the Resource Management Act 1991, the Conservation Act 1987 or the Historic Places Act 1993.
10. **Are you comfortable with NZP&M providing this information to any bid applicant for the area?**

