

PETROLEUM SEARCH SUBSIDY.

No. 90 of 1957.

An Act to Encourage the Search for Petroleum in
Australia by Subsidizing Stratigraphic Drilling.

[Assented to 12th December, 1957.]

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* Short title.
1957.
2. This Act shall come into operation on the day on which it Commence-
receives the Royal Assent. ment.
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 drilling operation;
 - “approved drilling operation” means a drilling operation approved by the Minister for the purposes of this Act;
 - “Australia” includes the Territories to which this Act extends;

“drilling operation” means the drilling of a hole for the purpose of obtaining stratigraphical information in connexion with the search for petroleum in Australia;

“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, 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.

Subsidy.

5.—(1.) Subsidy is payable in accordance with agreements entered into by the Minister under this Act in relation to the approved drilling 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 subsidy in respect of stratigraphic drilling.

Approval of
drilling
operations.

6.—(1.) A person who proposes to carry out a drilling operation in Australia may apply for approval by the Minister of the proposed drilling operation by lodging with the Secretary an application in writing for that approval.

(2.) The applicant shall furnish to the Secretary such information with respect to the proposed drilling operation as the Secretary requires.

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

(a) the information furnished by the applicant with respect to the proposed drilling operation;

(b) the capability of the applicant to carry out the proposed drilling operation; and

(c) the extent to which the proposed drilling operation is likely to assist in the search for petroleum in Australia, recommend to the Minister whether, for the purposes of this Act, approval should be given in respect of the proposed drilling operation, either as proposed by the applicant or with modifications.

(4.) After considering the recommendation of the Secretary, the Minister may, for the purposes of this Act, approve the proposed drilling operation, either as proposed by the applicant or with modifications, or may refuse his approval.

(5.) Where the Minister approves a proposed drilling 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.

7.—(1.) Where the Minister has approved a proposed drilling operation, the person to whom the approval was granted may, within a period of three months after he has been given notice of approval under sub-section (5.) of the last preceding section or within such further period as the Minister allows, apply in writing to the Minister for the grant of subsidy in respect of the drilling operation.

Grant of
subsidy.

(2.) An applicant for the grant of subsidy shall furnish to the Minister—

- (a) particulars of the estimated costs of carrying out the drilling operation;
- (b) a programme showing the times at which it is intended to complete the various stages of the drilling operation;
- (c) details 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 drilling operation or of work connected with the drilling operation;
- (d) information as to the capability, including the financial means, of the applicant to carry out the drilling operation; and
- (e) such other information as the Minister requires.

(3.) The Minister may, in his discretion, enter into an agreement on behalf of the Commonwealth with a person who applies for the grant of subsidy in respect of an approved drilling operation for the payment of subsidy to that person in respect of that drilling operation.

8.—(1.) An agreement entered into under this Act for the payment of subsidy to a person in respect of an approved drilling operation shall provide that, subject to the agreement, the subsidy shall be an amount equal to one-half of the costs incurred by that person in and in connexion with carrying out the drilling operation.

Amount of
subsidy to be
one-half of
costs of drilling
operations.

(2.) The agreement shall contain provisions specifying the manner in which the costs incurred in and in connexion with carrying out the approved drilling 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 for the purposes of the agreement;

- (b) provide that the whole or a specified part of an item of cost specified in the agreement shall not be taken into account for the purposes of the agreement;
- (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 drilling operation is interrupted or restricted.

Terms and
conditions of
agreement.

9. 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) the rights and obligations of the parties to the agreement (whether with respect to subsidy or otherwise) in the event—
 - (i) of drilling being discontinued before the drilling 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 drilling operation;
- (d) the continuation by the Commonwealth of drilling where the drilling operation has been discontinued or completed;
- (e) the inspection by or on behalf of the Minister of any workings connected with the drilling operation or of books and records kept in respect of the drilling operation;
- (f) the supplying to the Minister of samples (including cores and cuttings) and information obtained during the course of the drilling operation; and
- (g) the publishing by the Commonwealth of scientific and technical information obtained by reason of the drilling operation.

10.—(1.) Where a drilling operation was commenced on or after the third day of September, One thousand nine hundred and fifty-seven, and before the commencement of this Act, not being a drilling operation in respect of which a contract was entered into by any person before that day—

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

(a) an application under this Act for approval of the drilling operation may be made and that approval may be granted; and

(b) an application under this Act to the Minister for the grant of subsidy in respect of the drilling operation may be made and an agreement for the payment of the subsidy may be entered into,

at any time before the completion of the drilling operation or the expiration of a period of three months after the commencement of this Act, whichever first occurs.

(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-one, within which the approved drilling operation to which the agreement relates is to be completed.

11. 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, and the payment of subsidy, during that financial year.

Statement for Parliament.