

PETROLEUM SEARCH SUBSIDY.

No. 74 of 1961.

An Act to amend the *Petroleum Search Subsidy Act* 1959.

[Assented to 27th October, 1961.]

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

Short title
and citation.

1.—(1.) This Act may be cited as the *Petroleum Search Subsidy Act* 1961.

(2.) The *Petroleum Search Subsidy Act* 1959* is in this Act referred to as the Principal Act.

(3.) The Principal Act, as amended by this Act, may be cited as the *Petroleum Search Subsidy Act* 1959–1961.

Commence-
ment.

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

* Act No. 60, 1959.

3. Section three of the Principal Act is amended—

Definitions.

- (a) by inserting after the definition of “ approved operation ” the following definition:—

“ ‘ assessment drilling ’ means drilling for the purpose of determining the limits of a pool of petroleum; ”;

- (b) by omitting the definition of “ drilling operation ” and inserting in its stead the following definitions:—

“ ‘ detailed structure drilling ’ means the drilling of a hole or set of holes for the purpose of obtaining structural information, but does not include stratigraphic drilling or assessment drilling;

“ ‘ drilling operation ’ means an undertaking consisting of stratigraphic drilling, detailed structure drilling or test drilling in connexion with the search for petroleum in Australia, and includes a part of such an undertaking; ”;

- (c) by inserting after the definition of “ petroleum ” the following definition:—

“ ‘ stratigraphic drilling ’ means the drilling of a hole where the purpose of the drilling is, or is to a substantial extent, the obtaining of stratigraphic information; ”; and

- (d) by inserting after the definition of “ subsidy ” the following definition:—

“ ‘ test drilling ’ means the drilling of a hole in a known rock sequence on an established structure for the purpose of determining the presence or absence of petroleum, but does not include assessment drilling; ”.

4. Section seven of the Principal Act is amended—

Approval of
drilling and
other
operations.

- (a) by inserting in paragraph (a) of sub-section (2.), after the word “ stratigraphic ”, the words “, structural or reservoir ”;

- (b) by inserting in paragraph (c) of sub-section (2.), after the word “ intended ”, the words “ to commence and ”;

- (c) by inserting after sub-section (2.) the following sub-sections:—

“ (2A.) In the case of an applicant who states in his application that he desires any agreement in respect of the proposed operation to provide for payment of subsidy in accordance with section nine A

of this Act, the applicant shall, in lieu of complying with the last preceding sub-section, furnish to the Secretary—

- (a) particulars of the reason for carrying out the proposed operation;
- (b) particulars of the work comprising the proposed operation;
- (c) particulars of the times at which it is intended to commence and to complete the proposed operation;
- (d) the name and address of any person with whom the applicant has entered into, or proposes to enter into, a contract for the performance by that person on behalf of the applicant of the whole or any part of 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.

“(2B.) Where an applicant for approval of an operation is a company, partnership or syndicate, or is not resident in Australia, the Secretary may decline to consider the application unless the applicant satisfies the Secretary that the applicant has made, or will make, adequate arrangements for the performance on behalf of the applicant by a competent person resident in Australia (not being a company, partnership or syndicate) of each of the following matters:—

- (a) the furnishing of information to the Secretary in relation to the application;
- (b) the carrying on of negotiations concerning the application;
- (c) the carrying on of negotiations as to the terms of an agreement in respect of the operation and, if the applicant is not resident in Australia, the entering into of such an agreement in the name of the applicant;
- (d) ensuring the carrying out of the operation in accordance with any agreement that may be made in respect of the operation; and
- (e) the furnishing of information to the Secretary with respect to the operation.”; and

(d) by omitting sub-section (5.) and inserting in its stead the following sub-section:—

“(5.) The Secretary shall give notice in writing to the applicant of the Minister’s approval or refusal of approval of a proposed operation.”.

5. Section nine of the Principal Act is amended by inserting in sub-section (2.), after the words “specified in”, the words “, or ascertained in accordance with,”. Amount of subsidy.

6. After section nine of the Principal Act the following section is inserted:—

“9A.—(1.) If the person who will be entitled to subsidy under a proposed agreement relating to a drilling operation so desires, the agreement shall, in lieu of the provisions referred to in sub-sections (1.) and (3.) of the last preceding section, make provision for the calculation of the subsidy in respect of the operation by reference to the footage of the hole or holes drilled in the course of the operation and according to the rate or rates, or scale or scales of rates, of subsidy applicable under the regulations in force at the time the agreement is entered into. Alternative method of calculating subsidy.

“(2.) An agreement to which this section applies 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, or ascertained in accordance with, the agreement.”.

7. Section ten of the Principal Act is amended by adding at the end thereof the following sub-section:— Terms and conditions of agreement.

“(2.) Where, in making a recommendation under section seven of this Act in relation to a proposed operation, the Secretary certifies that, in his opinion, the proposed operation will constitute detailed structure drilling or test drilling, an agreement relating to that operation shall include provisions under which payment of subsidy in respect of the operation is to be withheld, and any subsidy paid in respect of the operation is to be repaid, if—

(a) in the course of the operation, petroleum is discovered and the Minister, upon consideration of the circumstances and nature of the discovery, forms the opinion that the petroleum is in quantities of commercial significance; or

(b) at any time (whether before or after the completion of the operation) within five years after the commencement of the operation—

(i) petroleum is discovered at a location that, in the opinion of the Minister, is within the structure on which the drilling operations referred to in the agreement are to be carried out and is also within a part of a rock

sequence within that structure in respect of which those drilling operations are intended to provide information; and

- (ii) the Minister, upon consideration of the circumstances and nature of the discovery, forms the opinion that the petroleum is in quantities of commercial significance and that the operation contributed significantly to the discovery,

unless the petroleum is so discovered within those five years by a person other than the person entitled to subsidy under the agreement and the Minister declares that he is satisfied that, in all the circumstances, it would be unjust to withhold, or to require repayment of, the subsidy.”.

8. After section ten of the Principal Act the following section is inserted:—

Delegation.

“ 10A.—(1.) The Secretary may, by instrument under his hand, delegate to an officer of the Department of National Development, either generally or otherwise as provided in the instrument of delegation, all or any of his powers and functions under this Act (except this power of delegation).

“(2.) A power or function so delegated may be exercised or performed by the delegate in accordance with the instrument of delegation.

“(3.) A delegation under this section is revocable at will and does not prevent the exercise of a power or the performance of a function by the Secretary.”.

9.—(1.) Section eleven of the Principal Act is repealed and the following section inserted in its stead:—

Operation be
carried out
within specified
period.

“ 11. An agreement shall specify the period, being a period ending not later than the thirtieth day of June, One thousand nine hundred and sixty-five, within which the approved operation to which the agreement relates is, unless otherwise approved by the Minister, to be completed.”.

(2.) During the period from and including the date of commencement of the Principal Act up to and including the date of commencement of this Act, sub-section (2.) of section eleven of the Principal Act shall be deemed to have operated as if there had been inserted after the word “is” the words “, unless otherwise approved by the Minister,”.

10. After section twelve of the Principal Act the following section is added:—

Regulations.

“ 13.—(1.) The Governor-General may make regulations, not inconsistent with this Act, prescribing all matters which by this Act are required or permitted to be prescribed, or are necessary

or convenient to be prescribed for carrying out or giving effect to this Act, and, in particular, for prescribing rates, or scales of rates, of subsidy for the purposes of section nine A of this Act.

“(2.) The regulations prescribing rates, or scales of rates, of subsidy for the purposes of section nine A of this Act may provide for the application of different rates or scales of rates in respect of drilling in different localities, under different conditions or by different methods.”.
