

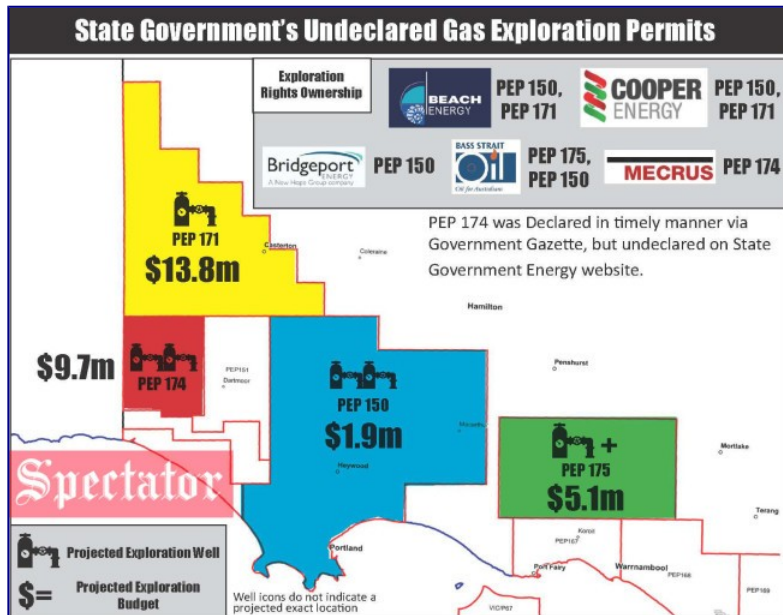
Victorian Government ‘oversight’ caused gas permits breach



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EXCLUSIVE

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A MAP of unconventional and conventional gas and oil Petroleum Exploration Permits (PEPs) in south west Victoria, three of which were not gazetted under legislative requirements, and all four were left off the Energy and Resources website for months.

THE State Government has breached its own legislative requirement to promptly inform Victorians of every unconventional gas exploration permit that is granted.

The Office of Victorian Energy Minister, Russell Northe, has admitted that the Department of State Development and Business Innovation (DSDBI) breached Section 122 of the (Victorian) Petroleum Act 1988.

That section states that the Minister must inform the people of Victoria that petroleum exploration permits (PEPs) had been granted within 14 days of the decision being made.

The Spectator has found a total of three PEPs that were granted but were not published in the Victorian Government Gazette for up to 190 days after the decision was made and communicated to energy companies.

In almost every case, current and potential shareholders of the energy companies involved were informed of the PEP grants ahead of Victorians.

For seven months there was no official Government gazetted confirmation that unconventional gas exploration had been approved in areas north of Koroit, an area of significant and growing dairy production.

As Mr Northe launched his community engagement campaign on unconventional gas to combat “misinformation” about the controversial industry last month, the State Government also continually failed to keep a separate website listing of PEPs up to date.

Mr Northe’s spokesperson said the continual non-disclosure of PEPs on the Government’s Energy and Resources website was a “mistake.”

A DSDBI spokesman said the failure to follow legislated disclosure requirements in the Government Gazette was an “administrative oversight.”

Mr Northe’s spokesperson confirmed there had been a breach of the Petroleum Act 1998.

“If DSDBI said there was an oversight then yes, there was a breach,” she said.

An investigation by The Spectator found three petroleum permits (PEPs) for unconventional and conventional gas and oil between the South Australian border and Warrnambool were not publicised to Victorians within the timeframe demanded by legislation.

The results of the investigation raise serious questions about commitment to transparency at the DSDBI, a department that spent \$188 million on growing the energy and resources sector by \$2.2 billion in 2013/2014, and the effectiveness of the supervision maintained by two consecutive Energy Ministers.

The investigation also raises questions about how the Minister’s office can engage with the south west Victorian community about the costs and benefits of unconventional gas when it apparently cannot communicate effectively with its own departments.

The PEPs had a combined total of nearly \$21 million in projected exploration budgets and at least four projected exploratory drill sites to take place over 6600 square kilometres of south west Victoria between 2012 and 2018.

A particular PEP, designated PEP175, covered land that is in or near prime dairy production and processing areas and was not properly disclosed to Victorians for 190 days.

Publicly available documents show that the energy company that was granted PEP175, Bass Strait Oil, was able to confirm to the Australian Stock Exchange on 23 April 2013 that its bid for the tenement area was successful.

It took until 31 October 2013, seven months later and just days before the Melbourne Cup weekend, before an announcement and details of the licence grant was published in the Victorian Government Gazette.



THE Bass Strait Oil statement (on left) which informed the Australian Stock Exchange that the company had been granted PEP 175 and dated April 23 2013. On the right are two pages from the Government Gazette of 31 October 2013 in which the State Government finally informs Victorians that it has granted PEP 175.

Section 122 of the Victorian Petroleum Act 1998 states “the Minister must publish notice of each reportable event in the Government Gazette within 14 days of the event occurring.”

The Section 122 defines a “reportable event” as the “granting by the Minister of an exploration permit under Part 3, or of a production licence under Division 3 of Part 5.”

A spokesperson for the DSDBI provided a written statement to The Spectator.

“The delay in gazettal of these licences was due to an administrative oversight,” the statement said.

“The delay has no effect on the validity of these licences.

“The Department gazetted the licences as soon as the oversight was noted and has put in place arrangement to ensure prompt future gazettal of the granting of licences.”

Mr Northe provided a written statement to The Spectator that said “this oversight has recently come to my attention.”

“I am assured by the department that measures are now in place to ensure the timely gazetting of licences and that is my expectation going forward.”

October 31 2013 was a big day for PEPs, with PEP171 and PEP150 also being announced despite the licences being granted 61 days ago.

This gap between PEP grants and Gazette disclosures represents two additional clear breaches of the Petroleum Act.

A separate date of October 24 2013 was added to the bottom of the announcements for PEP150, PEP 171 and PEP 175.

The Spectator asked DSDBI to explain the reasoning behind this seemingly arbitrary date, which would fall within the compliant timeframe for disclosures under Section 122 of the Petroleum Act.

DSDBI did not respond directly to this question but their other responses suggest this was roughly the date when the “oversight” was noticed.

Mr Northe’s spokesperson said the “oversights” which lead to the “breach” of legislation came from the minister’s “delegated authority”, not the Minister himself.

Russell Northe, a National Party MP, was made Energy and Resources Minister in a Coalition cabinet reshuffle on March 13 this year after his Liberal predecessor, Nicholas Kotsiras, announced his retirement at the upcoming state election.

Mr Kotsiras was Energy Minister during the period when the requirements of the Petroleum Act were breached.

The first of the three PEPs that had significant delays in gazetting were granted 35 days after Mr Kotsiras assumed the Energy portfolio from Michael O’Brien, who is now Victoria’s Treasurer.

The Spectator contacted Mr Kotsiras’s electorate office but he was unavailable to comment on this story before publication.

However, Mr Northe was firmly in charge when DSDBI continually failed to provide a compiled list of all active PEPs in Victoria.

Publishing a website list of PEPs is not a legislated requirement as far as The Spectator is aware, but Mr Northe’s spokesperson said keeping the licence website up-to-date was an “expectation” and fixing it was a “priority.”

The Spectator had advised Mr Northe’s office on April 22 that the compilation of granted PEPs was at least six months out of date, and his office acknowledged the error on April 23.

The revelations about the website’s errors were contained in a story published on April 26 about the Gunditj Mara people seeking to ‘revisit’ their native title deal with a shale gas company looking to explore around Digby and Casterton.

When The Spectator checked the website on May 13, four PEPs had still not being listed; with the undeclared licences totalling \$30m worth of projected exploration involving at least six exploratory drill sites.

The Spectator understands that Mr Northe was only personally informed of the months-long error after a second round of phone calls and emails from The Spectator, and the web page was replaced by a spreadsheet file on May 15.

Ten Type	Number	Status	Operator	Tenement Holders & % Holding	Area (ha)	Application	First Granted	Expires	Contn
Exploration Permit	PEP151	CUR	Somerton Energy Ltd	Inland Oil Resources Pty Ltd (25%) Somerton Energy Ltd (75%)	609.00	14 Oct 1999	10 May 2002	10 Jul 2014	Obvay
Exploration Permit	PEP163	CUR	Mirboo Ridge Pty Ltd	Mirboo Ridge Pty Ltd (100%)	142.00	21 Apr 2002	10 Jul 2002	10 Oct 2013	Obvay
Exploration Permit	PEP166	CUR	Petro Tech Pty Ltd	Aurifer Resources Pty Ltd (50%) Petro Tech Pty Ltd (50%)	1753.00	24 Oct 2002	3 Jan 2003	2 Oct 2014	Oppstand
Exploration Permit	PEP167	CUR	Bass Strait Oil Co Ltd	Bass Strait Oil Co Ltd (50%) Mecrus Resources (Australia) Pty Ltd (50%)	633.00	9 Nov 2006	2 Jul 2007	1 Jul 2012	Obvay
Exploration Permit	PEP168	CUR	Beach Energy Ltd	Beach Energy Ltd (50%) Essential Petroleum Exploration Pty Ltd (50%)	795.00	9 Nov 2006	7 Jan 2007	6 Jun 2013	Obvay
Exploration Permit	PEP169	CUR	Mirboo Ridge Pty Ltd	Mirboo Ridge Pty Ltd (100%)	1235.00	9 Nov 2006	25 Jun 2007	28 Jun 2013	Obvay
Exploration Permit	PEP170	CUR	Icon Energy Ltd	Icon Energy Ltd (100%)	884.28	16 Jul 2010	19 Oct 2010	13 Oct 2016	Oppstand
Production Licence	PPL1	CUR	Truenergy Gas Storage Pty Ltd	Truenergy Gas Storage Pty Ltd (100%)	7.60	28 Feb 1995	1 Nov 1995		Obvay

A COMPARISON of the table that lists all active Victorian PEPs hosted on the State Government’s Energy and Resources website. The ‘Before’ version ran from February 12 2014 to May 14 2014 and was replaced with the ‘After’ version on May 15 2014.

An up-to-date map of all mineral exploration, PEP and conventional gas production areas in the form of a JPEG image was also replaced.

However, the new image has less than half the visual clarity of the previous image and is difficult to interpret without the use of supporting documents.

Both Mr Northe’s spokesperson and Western Victoria Labor MP, Jaala Pulford said the State Government’s conduct was in the matter was “not good enough.”

“I think the community needs to know more information about unconventional gas, and when the government hasn’t provided that, it is very concerning,” Ms Pulford said.

“The community expects transparency around unconventional gas exploration and the community expects transparency in all aspects of government.

“We have a right to expect that information about exploration is published in a format that is digestible.”

The Spectator asked Mr Northe’s office how the people of south west Victoria could retain confidence in the unconventional gas licence system and the recent community engagement campaign.

Mr Northe’s spokesperson did not directly respond to that question and said the current moratorium on new coal seam gas exploration and hydraulic fracturing would “provide the public with assurances that new activity is unable to take place while the community consultation is underway.”

A surge in demand for Australian dairy products in Asia has resulted in booming investment in Victoria’s dairy industry.

In January this year Canadian food giant Saputo acquired 87 per cent of Warrnambool Cheese and Butter Factory after a bidding war that doubled the local company’s share price.

One of the undisclosed PEPs covers dairy farmland and its southern border is just above a major milk processing factory.

The Victorian Farmers Federation livestock spokesperson said he could not believe the results of The Spectator’s investigation and did not provide further comment even after being emailed key documents as proof.



Victorian Energy Minister, Russell Northe tells ABC News Vic April 30 2014 that “I think over time we’ve had a lot of information and misinformation that’s been portrayed within communities.” Mr Northe’s office has now admitted that at the same time it launched the community engagement plan, a department answering to Mr Northe had mistakenly provided wrong information to Victorians about the number of unconventional gas

exploration permits Mr Northe's delegate had granted.



 [Mark Martinich](#)
