

PRESENTERS



John Bay, New Zealand Oil and Gas, Wellington

John joined NZOG in February 2012 after a period working as Managing Director of Contract Strategies Ltd. John has over 34 years international oil and gas experience. He was Managing Director of L&M Energy Ltd and held senior management positions with Mighty River Power and Fletcher Challenge Energy. Before immigrating to NZ in 1990, John worked in the US in various petroleum engineering assignments. He is a registered Professional Engineer (Petroleum and Natural Gas Engineering) in Texas and is a past chairman of the Petroleum Exploration and Production Association of New Zealand (PEPANZ). John is a member of the Society of Petroleum Engineers, the Association of International Petroleum Negotiators and the NZ Institute of Directors.



Robert Makgill, Barrister, Auckland

Robert is a litigator with 18 years' experience specialising in environmental and natural resources law. He has led numerous natural resource projects through the planning and approval process, and has extensive experience representing clients in relation to legislative and regulatory change at both central and local government levels. Robert was legal counsel in the International Law for the Sea Tribunal's historic advisory opinion on deep sea mining in the High Seas in 2010. More recently he chaired the International Seabed Authority's Legal Working Group on environmental management for deep sea exploration and exploitation. He also advised the Environmental Protection Authority (EPA) on the regulation of exploration and development within NZ's EEZ, and was recently appointed as a hearing commissioner for the EPA under the EEZ Act. He is presently completing a PhD that addresses the regulation of natural resource development in sovereign and international waters.



James Willis, Upstream Consulting, Wellington

James was a partner in the Wellington office of Bell Gully for 25 years retiring from that practice in 2007. His practice speciality was in the upstream oil and gas area, particularly relating to issues concerning gas contracting and the development of oil and gas reserves, joint ventures and upstream petroleum related acquisitions. When in practice James acted for many of the leading participants in the New Zealand upstream petroleum industry. During his time in practice he was the Chairman of what is now the Energy Law Association between 1994 and 2001 and is a current member of the Petroleum Exploration and Production Association of New Zealand. Following his retirement from legal practice in 2007 he relocated to Melbourne to take up a role as the managing director of an oil and gas exploration group with extensive offshore exploration interests around Australia. While in that role the group built up a portfolio of four exploration permits in the offshore Taranaki Basin. James returned to Wellington in late 2011 and continues to provide consulting services to exploration companies active in New Zealand, Australia, Chile, Malaysia and Indonesia. While in Australia he was a director of MEO Australia Limited until July 2008, a position he had held for 10 years during a crucial period of its growth. Prior to that he was a co-founder and later a director of Southern Petroleum NL. He is presently a Director of the ASX listed company, Octanex NL which company is active in offshore exploration both in New Zealand and elsewhere.

CONTENTS

SOUNDING OUT RICHES AND RISK: APPROACHING ENVIRONMENTAL REGULATION OF OIL AND GAS WITHIN NEW ZEALAND'S EEZ.....	1
INTRODUCTION	1
1. RIGHTS AND OBLIGATIONS UNDER INTERNATIONAL LAW	5
2. LEGISLATIVE REGIME PRIOR TO EEZ ACT AND ALLOCATION	7
3. THE EEZ ACT'S REGIME – OIL AND GAS	11
THE PURPOSE OF THE EEZ ACT	11
<i>International law: sustainable development.....</i>	11
<i>Clause 10 of EEZ Bill: sustainable development</i>	11
<i>Section 10 of EEZ Act: sustainable management.....</i>	12
CLASSIFICATION OF ACTIVITIES WITHIN THE EEZ.....	14
MARINE CONSENTS AND ENVIRONMENTAL IMPACT ASSESSMENT	15
CAUTION AND ADAPTIVE MANAGEMENT.....	16
4. EEZ REGULATIONS AND OIL AND GAS.....	19
5. DISCHARGES AND OIL SPILL PLANNING	23
DISCHARGES UNDER THE EEZ ACT	23
PROTECTION OF THE MARINE ENVIRONMENT FROM OIL SPILLS UNDER THE MTA.....	25
6. CRIMINAL AND CIVIL LIABILITY FOR OIL SPILLS	27
CRIMINAL LIABILITY UNDER EEZ ACT AND MTA	28
CIVIL LIABILITY UNDER EEZ ACT: ENFORCEMENT ORDERS	30
CIVIL LIABILITY UNDER MTA: PARTS 7 AND 26A	30
7. CONCLUSION.....	33
THE CONTRACTUAL AND COMMERCIAL FRAMEWORK FOR OFFSHORE OIL AND GAS EXPLORATION IN NEW ZEALAND	35
INTRODUCTION	35
8. OBTAINING THE RIGHT TO EXPLORE FOR OIL AND GAS.....	37
LEGISLATIVE REGIME.....	37
PERMIT APPLICATION PROCESS	38
ACQUIRING PERMITS VIA COMMERCIAL AGREEMENT.....	40
PERMIT TERMS AND CONDITIONS	41
9. OIL AND GAS EXPLORERS – TYPICAL STRUCTURES.....	43
THE MAIN CHARACTERISTICS OF A JOINT VENTURE.....	44
10. CONDUCTING EXPLORATION.....	47
11. A DISCOVERY IS MADE	51
12. SALES OF OIL AND GAS AND GAS TRANSMISSION	53
GAS SALES AGREEMENTS	54
GAS TRANSMISSION ARRANGEMENTS	54
GAS BALANCING	55
GAS FLARING	55
13. CROWN ROYALTIES.....	57
14. ABANDONMENT.....	59
15. APPLICABLE LEGAL SKILLS, CASES AND LITIGATION	61
16. CONCLUSION.....	63
THE PROCESS OF DEEP WATER EXPLORATION AND PRODUCTION POWERPOINT.....	65