



**Policy Government  
and Public Affairs**

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November 7, 2008

Mr Philip Weickhardt  
Commissioner  
Productivity Commission  
Locked Bag 2  
Collins Street East  
MELBOURNE VIC 8003

Dear Commissioner Weickhardt

### **RESPONSE TO ISSUES PAPER**

Thank you for the opportunity to contribute to the Productivity Commission's Issues Paper on Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector of July 2008.

Chevron Australia supports the detailed submission provided by the Australian Petroleum Production and Exploration Association (APPEA).

There are a number of matters to which I wish to draw your attention and which I believe will assist you with the preparation of your draft report.

### **Chevron Australia**

Chevron is the largest holder of natural gas resources in Australia, an important asset to meet Asia's growing need for energy. We are leading the development of the Gorgon Project, a liquefied natural gas (LNG) venture based in the Greater Gorgon gas fields.

We also are developing our wholly owned Wheatstone gas field and producing oil at Barrow Island and Thevenard Island oil fields. Along with our partners in the North West Shelf (NWS) Venture, Chevron is exporting LNG to a number of customers in Asia.

Chevron is investing in the Browse Basin through the Browse Joint Venture, an LNG project off the coast of Western Australia. We also run a vigorous exploration program based on our offshore interests in Australia's northwest region.

### **Oil and gas industry**

I wish to underscore for the benefit of your review the economic significance of the oil and gas industry in Australia. Figures released by in 2006 by the Australian Bureau of Agricultural and Resource Economics estimate the value of Australian oil and gas

production was \$22.7 billion. Tax and royalty payments to the three tiers of government (Commonwealth, state and local) were more than \$8.1 billion.

During 2007, Chevron Australia's total daily production was 187,000 barrels of crude oil and condensate, 34,000 barrels of LPG and 2.3 billion cubic feet of natural gas. The company's net oil-equivalent production in 2007 was 100,000 barrels per day.

### **Regulation and Reporting**

Chevron Australia values and appreciates the standard and professionalism of the various approvals and reporting agencies with which we have regular contact. There is, however, much duplication in these processes which require significant resourcing by our various business units. For example, our Gorgon Joint Venture, Wheatstone Project, North West Shelf Venture and WA Oil Asset each respond and report to a range of approvals agencies at the Australian, state and local government level. This multiplication of effort by each agency, this company and the various APPEA members has the potential to create an approvals gridlock. At the state level we have excellent relationships with approvals agencies and see steady and consistent progress. There are times, however, when federal regulators – who lack local knowledge relevant to applications – impose conditions which do not consider specific state circumstances.

### **Environment**

The APPEA submission comments specifically on the issue of environmental approvals processes. Chevron Australia endorses these comments. We also acknowledge the work of the Environmental Assessors Forum which is seeking to implement a degree of standardisation across the three jurisdictions. We encourage the movement towards a single approach to assessing environmental approvals for activities in offshore environments.

Chevron Australia supports the review of environmental approvals processes being undertaken by the WA Environmental Protection Authority (WAEPA). This review has the potential to simplify the approvals process, reduce timelines and restore a level of certainty. We encourage the Commission to actively liaise with the WAEPA to inform itself of the potential for reform in other jurisdictions.

### **Legislative discrepancy**

There is often every good intention by the Commonwealth and state government to enact consistent legislation. They are not always successful. Examples include legislation for geosequestration where various state legislators have followed pathways that do not align with the Commonwealth's planned changes to the *Offshore Petroleum Act 2006*. Further anomalies occur when state parliamentary processes and cycles intervene in the repeal of legislation intended to make way for federal legislation. The multifarious legal issues that arise require expensive legal analysis and costly delays at the project level.

### **National regulation**

Chevron Australia welcomes discussion on a single approver mechanism. We would, however, need to be satisfied that such a one-stop-shop approach would not be constrained by lack of genuine local knowledge, indistinct responsibilities between various agencies, insufficient staffing and resourcing, limited transparency and accountability.

### **Joint authority model**

Chevron Australia supports the joint authority model for the administration of petroleum legislation in Commonwealth offshore areas. We believe there is considerable benefit in having a joint authority representative stationed locally where they are available for technical or administrative matters. We also support the role of state authorities having a role in the decision making process where resources are transferred from offshore Commonwealth for processing and shipment from onshore infrastructure.

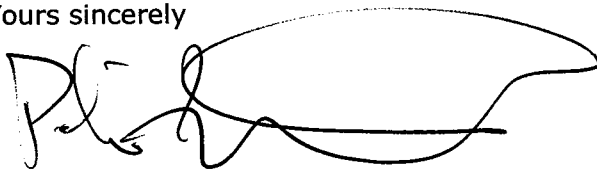
### **Native title and heritage**

Chevron Australia respects the rights of native title and indigenous parties and works with communities to achieve mutual outcomes. We would support moves towards a streamlined process that would assist companies with indigenous heritage issues. In Western Australia, for example, agencies administering the *Western Australian Aboriginal Heritage Act 1972* and the *WA Environmental Protection Act* can issue two sets of heritage management conditions.

Chevron Australia believes the Productivity Commission's review is welcome and much needed and has potential to deliver better outcomes for the Commonwealth, its regulatory bodies and the oil and gas industry.

Thank you for the opportunity to raise these specific issues with you as you prepare your draft report. We look forward to working with the Productivity Commission in coming months.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Eggleston', with a large, sweeping flourish extending to the right.

**Peter Eggleston**  
External Affairs Manager