



# Framework for the consistent reporting of natural gas reserves and resources – Consultation Paper

## Attachment 1: Response template

**Stakeholder name: Cooper Energy Limited**

	Questions	Feedback
<b>Box 2.2 Questions on categories of reserves</b>		
1.	<p>Do you agree that producers should be required to report on their 1P, 2P and 3P reserves estimates?</p> <p>(a) If so, please explain how you would use this information and the benefit it would provide.</p> <p>(b) If not, please explain why.</p>	<p>Cooper Energy would be supportive of geographically aggregated reporting of 1P and 2P reserves.</p> <p>Cooper Energy believes the existing option to voluntarily report 3P reserves is adequate and appropriate.</p> <p>ASX listed producers are required to report 1P and 2P estimates. Cooper Energy reports 3P reserves voluntarily.</p> <p>ASX listed producers are required to report by geographical area. For Cooper Energy, these areas are defined by hydrocarbon basin or region (e.g. Cooper Basin, Otway Basin, Gippsland Basin). The approach used to define geographical areas is inconsistent between producing companies and are generally rolled up based on asset materiality to the respective company. For example, smaller producing companies may report at a hydrocarbon Basin level (Otway Basin), larger/major producing companies may report at a Business Unit or country level that roll-up several hydrocarbon basins/regions (e.g. 'Australia' or 'Western Australia Business Unit')</p> <p>Cooper Energy does not support the proposal to report reserves and resources at a field level. Cooper Energy would be supportive of consistent geographical</p>



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		<p>region reporting by producers down to a hydrocarbon province//basin level. Beyond this level, reporting would be extremely onerous on producing companies (e.g. Cooper Basin producers having to report across hundreds of individual fields). Additionally, as SPE PRMS is not a field level reporting standard (it is project focused), field level estimates are not always compiled or available.</p>
2.	<p>Do you agree that producers should be required to break down their 1P, 2P and 3P reserves into developed and undeveloped reserves?</p> <p>(a) If so, please explain how you would use this information and the benefit it would provide.</p> <p>(b) If not, please explain why.</p>	<p>Cooper Energy would be supportive of geographically aggregated reporting of 1P and 2P developed and undeveloped reserves.</p> <p>Cooper Energy believes the existing option to voluntarily report 3P reserves is adequate and appropriate.</p> <p>ASX listed producers are required to break down 1P and 2P reserves into developed and undeveloped reserves under existing ASX Listing Rules. Cooper Energy reports 3P developed and undeveloped reserves voluntarily.</p> <p>The breakdown of developed and undeveloped reserves is common practice for producing companies for internal and external purposes (e.g. audit, project sanctions, ASX reporting)</p>
3.	<p>Should it be mandatory for producers to develop 3P reserves estimates, or should the reporting of this information be optional as it is under the ASX Listing Rules and in other jurisdictions?</p>	<p>Cooper Energy believes the existing option to voluntarily report 3P reserves is adequate and appropriate.</p> <p>Cooper Energy develops a full range of reserves (and resources) estimates for its assets. This includes 1P(1C), 2P(2C) and 3P(3C) estimates. As SPE PRMS recommends a range of uncertainty be captured for recoverable and potentially recoverable resources, a 3P estimate is normally developed as part of the workflow to generate 1P and 2P estimates. This is common practice amongst producing companies.</p>



	Questions	Feedback
<b>Box 2.3 Questions on categories of resources</b>		
4.	<p>Do you agree that 1C and 2C contingent resources should be reported?</p> <p>(a) If so, please explain how you would use this information and the benefit it would provide.</p> <p>(b) If not, please explain why.</p>	<p>Cooper Energy recommends any contingent resource reporting requirements be consistent with the requirements of the ASX listing rules; i.e. companies can either report 2C contingent resources, or full 1C/2C/3C range.</p> <p>Cooper Energy would be supportive of either as a requirement but not 1C and 2C without 3C.</p> <p>Cooper Energy agrees with reporting of contingent resources at a geographical area but not field level.</p> <p>Cooper Energy reports 1C/2C/3C contingent resources voluntarily by geographical area.</p>
5.	<p>Do you think it should be mandatory for producers to develop 1C and 2C contingent resource estimates, or should the reporting of this information be optional as it is under the ASX Listing Rules and in other jurisdictions?</p>	<p>Cooper Energy considers the existing ASX Listing Rules for reporting 2C or 1C/2C/3C contingent resources as adequate and appropriate.</p> <p>Cooper Energy develops a full range of contingent resource estimates for its assets. This includes 1C, 2C and 3C estimates. This is common practice amongst producing companies and providing the 1C, 2C and 3C range provides a balanced view of the resource estimates rather than only reporting 1C and 2C.</p> <p>Cooper Energy reports 1C/2C/3C contingent resources voluntarily.</p>
6.	<p>Do you think any other resource categories (e.g. 3C contingent resources or prospective resources) should be reported? If so, please</p>	



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	<p>explain how you would use this information and the benefit it would provide.</p>	<p>Cooper Energy does not support the reporting of prospective resources as prospective resources are highly speculative, can include significant risk and are uncertain.</p> <p>Cooper Energy recommends any contingent resource reporting requirements be consistent with the requirements of the ASX listing rules; i.e. companies either report 2C contingent resources, or full 1C/2C/3C range.</p> <p>Cooper Energy reports 1C/2C/3C contingent resources voluntarily.</p>
<b>Box 2.4 Questions on gas field information</b>		
7.	<p>Do you agree that information on the field's stage of development, the type of gas and the nature of the gas field should be reported?</p> <p>(a) If so, please explain how you would use this information and the benefit it would provide.</p> <p>(b) If not, please explain why.</p>	<p>Cooper Energy does not support reporting at a field level or field status for all fields, however Cooper Energy understands the objectives of the ACCC consultation paper are to achieve a consistent reporting standard and transparency of the gas market.</p> <p>A potential solution could be to establish a materiality definition to identify developments/projects with material impact on the relevant gas market. Separate reporting of these material projects could provide sufficient information on material gas developments/projects without requiring onerous, immaterial field level reporting for all fields.</p>
8.	<p>Do you agree with the categories that have been proposed for the field's stage of development, the type of gas and/or the nature of the gas field? If not, please explain why and what alternatives you would suggest.</p>	<p>Cooper Energy agrees the proposed categories are suitable for material developments/projects.</p>



	Questions	Feedback
9.	Is there any other gas field information that you think should be reported? If so, please explain why you think this is consistent with the objectives of the reporting framework.	For material developments/projects that are approved for development but not yet on production, an estimated start-of production timing could be included.
<b>Box 2.5 Questions on movement in 2P reserves</b>		
10.	<p>Do you agree that annual movements in 2P reserves should be reported?</p> <p>(a) If so, please explain how you would use this information and the benefit it would provide.</p> <p>(b) If not, please explain why.</p>	<p>Yes, at a geographical area level.</p> <p>This is already a requirement of the ASX Listing Rules (5.39.3). An annual reconciliation of petroleum reserves against the previous year is required, along with a description of any material changes over the year.</p> <p>Cooper Energy considers the existing ASX rules adequate and appropriate.</p>
11.	Do you agree with the categories that have been proposed for the breakdown of movements in 2P reserves? If not, please explain why.	<p>No, Cooper Energy does not agree with the breakdown of reserves movements.</p> <p>Cooper Energy agrees with a breakdown for production over the preceding year.</p> <p>Other material changes over a year should also be described (per ASX Listing Rules). Remaining, immaterial changes should be captured simply as 'other revisions'.</p>
12.	<p>Do you think there would be value in also requiring producers to report on annual movements in 2C resources?</p> <p>(a) If so, please explain how you would use this information and the benefit it would provide.</p> <p>(b) If not, please explain why.</p>	<p>Cooper Energy recommends that movements in contingent resources are reported at the geographical/basin area level only.</p> <p>Cooper Energy reports annual movements in 1C/2C/3C contingent resources.</p>



	Questions	Feedback
<b>Box 2.6 Questions on contracted 2P reserves</b>		
13.	<p>Do you agree that if the ACCC and GMRG's recommendation on contracted 2P reserves is implemented that:</p> <p>(a) producers should be required to report the total quantity of 2P reserves that they are contracted to supply as total contract quantities under GSAs at a basin level? If not, please explain why.</p> <p>(b) AEMO should be required to further aggregate the information if there are less than three producers operating in the basin? If not, please explain why.</p>	Cooper Energy does not agree that contracted gas volumes should be disclosed as gas contract information is considered commercially and market sensitive.
<b>Box 2.7 Questions on other information</b>		
14.	<p>Is there any other information that you think should form part of the reporting framework? If so, please set out:</p> <p>(a) what the information is</p> <p>(b) how you would use the information and the benefit it would provide</p> <p>(c) why you think the inclusion of this information would be consistent with the objectives of the reporting framework.</p>	
<b>Box 2.8 Questions on reporting standard</b>		
15.	Do you agree that the PRMS classification system should be used in the proposed reporting framework? If not, please explain why.	Yes. Cooper Energy agrees that the SPE PRMS classification system should be used as this provides a consistent and internationally recognised approach to estimate hydrocarbon reserves and resources. It is the system required for use under the ASX Listing Rules.
16.	Do you agree that the PRMS definitions set out in Box 2.1 should be used in the proposed reporting framework? If not, please explain why.	Yes. Cooper Energy agrees that the SPE PRMS classification system should be used, per Box 2.1.



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17.	Are there any other reporting standards or definitions that you think should be reflected in the reporting framework?	No.
<b>Box 2.9 Questions on quantities and analytical methods</b>		
18.	Do you agree that reserves and resources should be reported on the basis of sales quantities? If not, please explain why.	Cooper Energy recommends that reserves and resources be reported consistent with the SPE PRMS system. This allows producers to define specific reserves and resources reference points within a production system. This is often, but not always aligned to commercial sales points (e.g. LNG projects may define a reference point somewhere in the process stream).
19.	Do you agree that reserves and resources should be reported on a net revenue basis? If not, please explain why.	No. Cooper Energy recommends that reserves and resources be reported on a net working interest basis, not net revenue basis. This removes specific license or jurisdictional fiscal terms and differences in cost structures from the estimation of net volumes.
20.	Do you agree that producers should be required to disclose the analytical method they have used to estimate their reserves and resources? If not, please explain why.	No. Cooper Energy recommends that reserves and resources be reported consistent with the SPE PRMS system and ASX listing rules. Multiple estimation approaches are allowed under PRMS and the approach used is somewhat irrelevant to the confidence level or uncertainty range of the final/reported estimates.
<b>Box 2.10 Questions on reserves and resources reporting level</b>		
21.	Do you agree that the reserves and resources information set out in sections 2.2.1-2.2.4 should be reported at a field level?  (a) If so, please explain how you would use this information and the benefit it would provide.	No. Cooper Energy does not support reporting at a field level and proposes a consistent approach to defining geographical areas for reporting (e.g. hydrocarbon Basin).  Please see previous responses and recommendations



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	(b) If not, please explain why and set out what reporting level you think should be adopted.	
<b>Box 2.11 Questions on the frequency and timing of reporting</b>		
22.	Do you agree that the frequency of reporting should be annual? If not, please explain why.	<p>Cooper Energy agrees with an annual reporting frequency in line with individual companies annual corporate reporting cycles and current ASX listing rules (e.g. typically calendar or financial year reporting)</p> <p>The opportunity for producing companies to report in line with their annual corporate reporting is important to prevent excessive re-work of reserves reporting processes.</p> <p>Companies should not be required to report on an annual fixed date as designated by the ACCC/AEMO as planning and fiscal cycles vary, however Cooper Energy recommends reporting as at the end of June which would be consistent with most organisations' reporting periods.</p>
23.	<p>Do you agree that producers should also be required to report on any material changes in reserves and resources estimates that occur within the year?</p> <p>(a) If so:</p> <ul style="list-style-type: none"> <li>i. do you think there should be any limitation on the requirement to report changes (for example, should the requirement be limited to changes in reserves and resources that are advised to the ASX and/or government agencies, or should it be limited to material changes in reserves and resources)?</li> <li>ii. do you think the threshold for material changes should be set at +/-10% or do you think another threshold would be more appropriate?</li> </ul>	<p>Cooper Energy supports the recommendation to report on material changes (as per ASX Listing Rules) however materiality will vary for different sized companies and there would have to be an appropriate framework for companies to assess what is material.</p>





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	(b) If not, please explain why.	
24.	Do you think that all producers should be required to report their reserves and resources as at a fixed date? If not, please explain why and the option you believe should be employed.	No. Refer to response 22. Suggesting as at end of June reporting.
<b>Box 2.12 Questions on evaluation requirements</b>		
25.	Do you agree that reserve and resource estimates should be required to be prepared by, or under the supervision of, an independent qualified evaluator? If not, please explain why.	No. Cooper Energy believes the existing ASX Listing Rules that require Qualified Petroleum Reserves and Resources Estimators (QPRREs) to ensure estimations are performed in line with SPE PRMS and ASX Listing Rules are sufficient and appropriate.  Using an independent evaluator is a materially onerous obligation requiring additional time, costs and resources.
26.	Do you think that any other evaluation requirements (e.g. a requirement to obtain an independent audit) should be implemented?	No.
<b>Box 2.13 Questions on compliance costs</b>		
27.	What incremental costs do producers expect to incur in complying with the reporting requirements proposed in sections 2.3 and 2.4?	2.3 - No material incremental costs.  2.4 - This would lead to additional time, cost and resources for compliance purposes and potentially new systems.
28.	Do you think there are any refinements that could be made to the proposed reporting requirements in sections 2.3 and 2.4 to further reduce compliance costs or the regulatory burden, whilst also ensuring	



	Questions	Feedback
	the requirements are fit for purpose and achieves the objectives set out in section 1?	
<b>Box 3.1 Questions on the manner in which reserves are to be estimated</b>		
29.	Do you agree that producers should be required to estimate their reserves on the basis of forecast economic conditions? If not, please explain why.	Yes, per SPE PRMS guidelines.
<b>Box 3.3 Questions on gas price assumptions to be used for uncontracted reserves</b>		
30.	<p>Do you think that:</p> <p>(a) Producers should be responsible for determining the forecast gas prices they will assume when estimating uncontracted reserves and required to disclose these assumptions (i.e. Option 2)?</p> <p>i. If so, please explain why.</p> <p>ii. If not, please explain why.</p> <p>(b) Producers should be required to use a mandated common gas price assumption when estimating uncontracted reserves (i.e. Option 1)?</p> <p>i. If so, please explain why and set out:</p> <p>a. the benefits you think this would provide over the producer-determined assumptions?</p> <p>b. how you think the forecast common gas price assumption should be determined?</p> <p>ii. If not, please explain why.</p> <p>(c) Producers should be responsible for determining the forecast gas prices they will assume when estimating uncontracted reserves and not required to disclose their assumptions (i.e. Option 3)?</p> <p>i. If so, please explain why and set out how do you think this option would address the concerns outlined in section 3.1?</p>	<p>(a) Cooper Energy supports producers determining their own forecast gas prices when estimating uncontracted reserves.</p> <p>Every producer will approach gas price determination differently and needs to be able to self-forecast accordingly. Producers gather information regarding uncontracted gas prices from several sources;</p> <ul style="list-style-type: none"> <li>- Contract negotiations and marketing activities</li> <li>- Industry research</li> <li>- Customer engagement</li> <li>- Costs of exploration, development and production (which is variable for each producer).</li> </ul> <p>Organisations do not necessarily forecast a market price for uncontracted gas. Each company will use different uncontracted gas prices in their corporate assumptions which typically are inherently conservative to stress test economics and to meet audit and governance requirements. These assumptions are unique to each organisation; internal rates of return, costs of capital and risk appetites will differ between organisations. The significant variability of gas price assumptions shown in Chart 3.1 in the ACCC <i>Framework for consistent reporting of natural reserves and resources</i> (page 26) highlights this.</p>



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	ii. If not, please explain why.	<p>Production and supply variables are different for each field and are confidential. Disclosure of this information could be commercially detrimental therefore Cooper Energy does not support gas price assumptions being made public / reported.</p> <p>(b) Cooper Energy does not support a mandated common gas price assumption.</p> <p>Cost structures and fiscal issues will generally be unique to each field and these need to be considered before production from that field is commercialised.</p> <p>Variables including (but not limited to) well costs, cost of processing, transport costs, weather related incidents and downtime are different in the onshore Cooper Basin compared with offshore Victoria for example. Whilst the intention of a mandated gas price is to be able to compare reserves across all basins and producers, the opposite will in fact be true. It will distort any analysis outcomes.</p> <p>(c) Cooper Energy supports producers being responsible for determining forecasts gas prices when estimating uncontracted reserves and not be required to disclose their assumptions. See (a) and (b) above for information.</p>



	Questions	Feedback
31.	<p>If Option 2 is implemented, do you think that the disclosure requirements in section 3.6 will impose sufficient discipline on producers, or do you think the gas price assumptions used by producers should be required to satisfy a test that would be overseen by the AER? If you think the gas price assumptions should be subject to a test, please set out:</p> <p>(a) what form you think the test should take and if the test should apply to the gas price assumptions or the method used to determine the gas price assumptions</p> <p>(b) how you think the test should be enforced by the AER (for example, should the AER have the power to require producers to re-estimate their reserves using an alternative price assumption).</p>	Cooper Energy does not support the implementation of Option 2.
<b>Box 3.4 Questions on gas price assumptions to be used for contracted reserves</b>		
32.	<p>Do you agree that the gas price assumptions underpinning contracted reserves should be based on the prices specified in the relevant GSAs? If not, please explain why.</p>	Cooper Energy agrees with this proposal. There is no other reasonable alternative and this is the method currently used throughout the industry.
33.	<p>Do you agree with the ACCC's proposal to allow producers to account for the operation of:</p> <p>(a) price escalation mechanisms when determining the prices to apply under the relevant GSAs over the forecast period? If not, please explain why.</p> <p>(b) contract extension provisions if the GSAs are likely to be extended and the prices (or pricing mechanisms) to apply in this period have already been determined? If not, please explain why.</p>	<p>Cooper Energy agrees with this proposal.</p> <p>There is no other reasonable alternative and this is the method currently used throughout the industry.</p>
<b>Box 3.5 Questions on the disclosure requirements for gas price assumptions</b>		
34.	<p>Do you agree that producers should be required to disclose the following information when reporting their reserves estimates?</p>	Cooper Energy believes that the focus on gas prices in the disclosure requirements of this question does not acknowledge or consider the multitude of variables that impact the economics that underpin reserve estimates.



	Questions	Feedback
	<p>(a) The gas price range within which there would be no material change in the 2P reserves estimates, which is to be reported at a basin level for each of the following five years and generally for subsequent periods (with the range to be based on the price assumptions used to estimate uncontracted reserves).</p> <p>(b) The sensitivity of the 2P reserves estimates to a +/-10% change in the gas price range reported under (a).</p> <p>(c) A description of the method used to determine the gas price range and any other assumptions that have been made when determining the price range.</p> <p>(d) An explanation of any changes that have been made to the gas price assumptions from the previous year and why the changes were made.</p> <p>If not, please explain why.</p>	<p>It is possible, and in some cases probable, that the following variables will have a greater impact on reserve estimates than gas price:</p> <ul style="list-style-type: none"> <li>- Foreign exchange rates</li> <li>- Oil price</li> <li>- OPEX</li> <li>- CAPEX</li> <li>- Risk appetite (influenced by past successes and failures) is unique to each organisation</li> <li>- Past successes / failures</li> <li>- Funding constraints</li> <li>- Risk</li> </ul> <p>Gas price is merely one variable that impacts reserve economics and should not be focused on to the exclusion of everything else.</p>
35.	<p>Do you agree with the proposal to require producers to report the gas price range:</p> <p>(a) for each year over a five year period and generally thereafter? If not, please explain why.</p> <p>(b) for uncontracted reserves only? If not, please explain why.</p> <p>(c) at a basin level? If not, please explain why.</p>	Refer response 34.
36.	<p>If producers are required to report the gas price range within which there would be no material change in 2P reserves, what materiality threshold do you think should be adopted for this purpose and why?</p>	Refer response 34.



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37.	Do you agree that the threshold for measuring the sensitivity of the reserves estimates should be 10%? If not, please explain why and what alternative threshold you think should be applied.	Refer response 34.
38.	Is there any other information that you think should be disclosed about the gas price assumptions? If so, please explain what the information is and why it is required to meet the objectives set out in section 1.	Refer response 34.
<b>Box 3.6 Questions on compliance costs</b>		
39.	What incremental costs do producers expect to incur in complying with the proposed reporting requirements set out in sections 3.4-3.6?	Cooper Energy responds to discretionary and compulsory information requests from NOPTA, NOPSEMA, ACCC, AEMO, various government departments and agencies.  The frequency of compliance to the above is increasing, and the time required by staff and management to draft, check for accuracy / consistency and respond to requests within the required timeframes is considerable, impacting the focus to work on base business and increases costs. This is one of the reasons Cooper Energy firmly believes that the approach to reporting should be consistent with ASX reporting and thereby remove the time and cost of duplication.
40.	Do you think there are any refinements that could be made to the proposed reporting requirements in sections 3.4-3.6 to further reduce compliance costs or the regulatory burden, whilst also ensuring they are fit for purpose and achieves the objectives set out in section 1?	It is fundamental that organisations continue to adhere to PRMS guidelines and ASX listing rules as applicable.