

### COMPETITION AND CONSUMER (GAS MARKET CODE) REGULATIONS 2023

#### **DECISION NOTICE**

**Exemption from provisions of the Gas Market Code** 

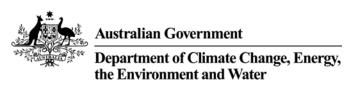
Pursuant to sections 61, 63 and 65 of the *Competition and Consumer (Gas Market Code) Regulations* 2023 (the **Code**), I, the Hon Chris Bowen MP, Minister for Climate Change and Energy, grant each person specified in Schedule 1 (**Exempt Person**) an exemption from each Gas Penalty Provision specified in Schedule 1, subject to the Conditions specified in Schedule 2 attached to this document. The reasons for this decision are attached.

The day on which I made my decision to grant this Exemption is specified in Schedule 1.

The period during which this Exemption is in force is also specified in Schedule 1.

**CHRIS BOWEN** 

Minister for Climate Change and Energy



### **Schedule 1** Exemption Details

1	Exempt Person(s)	Esso Australia Resources Pty Ltd (ABN 62 091 829 819) Level 9, 664 Collins Street, Docklands, Victoria, 3008					
2	Gas Penalty Provisions covered by this Exemption	Sections 26(1), 27(1) and 28(1) of the Code.					
3	Exemption Decision Date	10 January 2024					
4	Exemption Period	The period during which the Exemption is in force:  (a) commences on 10 January 2024 ( <b>Start Date</b> ); and  (b) ends on 31 December 2035 ( <b>End Date</b> ).					

#### Schedule 2 Conditions

This Exemption is subject to the Conditions set out in this Schedule.

Capitalised terms used in this Schedule, together with provisions governing their interpretation, are set out at the end of this Schedule.

#### 1. Particulars

The particulars set out in the table below (**Particulars**) apply as outlined in the table, for the purposes of the Exemption and these Conditions.

4 4	Gas Reserves and Resources	For the purposes of these Conditions:							
1.1		(a) GBJV and KUJV Developed Reserves: means all Gas reserves developed to date in respect of Petroleum Tenements available to the GBJV and KUJV and from which Gas is currently (or has in recent years been) produced by or for the GBJV and / or KUJV;							
		(b) <b>Kipper 1B Reserves:</b> means all developed reserves and undeveloped reserves of Gas in respect of Petroleum Tenements (existing and / or proposed) the subject of the Kipper 1B Project; and							
		(c) Turrum Phase 3 Resources: means all contingent resources prospective resource Gas in respect of Petroleum Tener / or proposed) the subject of the Turrum Phase 3 Project	Tenements (existing and						
1.2	Budget and Project Commitments	The following requirements apply for the purposes of clause 2:							
1.2		1. Remaining GBJV Works	Date						
		Within 14 days of the Start Date.							
		2. Recommencement of Project Capital Works	Date						
		Within 14 days of the Start Date.							
		Kipper 1B Project; and							
		Turrum Phase 3 Project.							

#### 2. Budget and Project Commitments

- (a) The Exempt Person must:
  - (i) subject to sub-clause (b), request and use reasonable endeavours to procure written approval from each of the GBJV participants to approve the remaining budget set out in Schedule 4 in respect of the 2023 GBJV Work Program and Budget as specified in item 1.2 of the Particulars, by the date specified in that item 1.2;
  - (ii) request and use reasonable endeavours to procure written approval from each of the GBJV and KUJV participants (as applicable) to recommence developing each

of the Kipper 1B Project and the Turrum Phase 3 Project as specified in item 1.2 of the Particulars, by the date specified in that item 1.2; and

- (iii) report to the Commission in accordance with clause 4.
- (b) The Exempt Person acknowledges and agrees that the remaining budget set out in Schedule 4 in respect of the 2023 GBJV Work Program and Budget is included only to give effect to the Budget and Project Commitments under clauses 2(a)(i) and 2(a)(ii) and as such, this Exemption and these Conditions do not:
  - (i) endorse or approve the content or accuracy of the 2023 GBJV Work Program and Budget; or
  - (ii) substitute or in any way affect any other legal or regulatory requirements that the Exempt Person has in respect of the 2023 GBJV Work Program and Budget.

#### 3. Gas Supply Commitments

#### 3.1 Domestic Gas Supply Commitment

The Exempt Person must not enter into an agreement to sell or supply Gas to any person (including an Affiliate) who, at the time of entering into the agreement, intends to export that Gas from Australia (and the agreement is not a Gas Swap Agreement, a Mandatory Government Agreement or an agreement mentioned in section 51 or subsection 52(1) or (2) of the Code).

#### 3.2 Supporting warranty to be obtained from contract counterparties

To facilitate compliance with clause 3.1, the Exempt Person must, in each agreement it enters into for the sale or supply of Gas during the Exemption Period, require each party to whom Gas is sold or supplied under that agreement to warrant that it is not a person to whom the Exempt Person must not sell or supply Gas referred to in clause 3.1.

#### 4. Reporting to the Commission

For the purposes of sections 39(1)(d), (2) and (3) of the Code (and without limiting the operation of section 39 of the Code), the Exempt Person will provide the following information to the Commission as soon as practicable after the end of each consecutive period of 3 months (with the first such period commencing on the Exemption Decision Date and each such period referred to as a **Reporting Period**):

- (a) (for the first Reporting Period only) confirmation that the Exempt Person has complied with its Budget and Project Commitments under clauses 2(a)(i) and 2(a)(ii), with supporting evidence sufficient to demonstrate such compliance;
- (b) a progress report in respect of each of the Projects comprising:
  - (i) key Project related activities undertaken in the Reporting Period;
  - (ii) expenditure incurred during the Reporting Period in relation to such key Project activities; and
  - (iii) a status summary for each Project indicating:

- A. key Project activities undertaken since the commencement of the Exemption Period, including any material changes in Project scope;
- B. key Project activities still to be undertaken or achieved, with updated target dates for starting and completing, or achieving, each of them; and
- C. a forecast of expected production volumes of Gas (in PJ) for each of the remaining calendar years specified in Schedule 3;
- (c) confirmation of whether, during the Reporting Period, for each of the Kipper 1B Reserves and Turrum Phase 3 Resources, there has been any reclassification in respect of the level of certainty associated with their recoverable production volumes. For example, any change in classification from contingent resources or prospective resources to possible, probable and proved reserves (as applicable);
- (d) the actual volume of Gas produced (in PJ) in respect of all GBJV and KUJV Developed Reserves during the Reporting Period and, if updated, a forecast of all Gas expected to be produced from all Gas Reserves and Resources for that calendar year and for each of the remaining calendar years of the Exemption Period; and
- (e) the actual volume of Gas (in PJ) supplied by the Exempt Person to all persons during the Reporting Period, together with evidence that the warranty required under clause 3.2 has been included in each gas supply agreement in respect of which the Exempt Person is the supplier.

#### 5. Definitions and Interpretation

#### 5.1 Definitions

In this Schedule, unless the context requires otherwise:

Affiliate has the meaning given to it in the Code.

Code means the Competition and Consumer (Gas Market Code) Regulations 2023 (Cth).

**Commission** means the Australian Competition and Consumer Commission, established under section 6A of the *Competition and Consumer Act 2010* (Cth), and includes a member of the Commission or a Division of the Commission performing functions of the Commission.

**Conditions** means the conditions imposed on the Exempt Person by the Minster in accordance with the Code and which are set out in this Schedule 2.

**Energy Department** has the meaning given to that term in section 4 of the Code.

**Exemption** means the conditional Ministerial exemption granted by the Minister to the Exempt Person under the Code and to which this Schedule is attached.

**Exemption Application** means the Exempt Person's application dated 5 September 2023, in respect of which this Exemption has been granted.

Exempt Person means each person so specified in item 1 of Schedule 1.

Gas means regulated gas as defined in the Code.

Gas Penalty Provision has the meaning given to that term in section 60 of the Code.

**Gas Reserves and Resources** means the GBJV and KUJV Developed Reserves, the Kipper 1B Reserves and the Turrum Phase 3 Resources.

Gas Swap Agreement has the meaning given to that term in the Code.

**GBJV** means the unincorporated Gippsland Basin Joint Venture between Esso Australia Resources Pty Ltd (**Esso**) and Woodside Energy (Bass Strait) Pty Ltd (**Woodside**) in relation to the development of and production of Gas from the Gas Reserves and Resources in respect of the GBJV and in which Esso has a 50% operating participation interest and Woodside has a 50% non-operating participation interest.

**GBJV and KUJV Developed Reserves** has the meaning given to that term in item 1.1(a) of the Particulars.

#### Kipper 1B Project means:

- (a) drilling and completion of a new 7 inch completion tied into existing subsea facilities; and
- (b) installation of new subsea equipment and completion of brownfield modifications at the West Tuna host platform,

at the Kipper 1B Reserves, as specified in the Exemption Application.

**Kipper 1B Reserves** has the meaning given to that term in item 1.1(b) of the Particulars.

**KUJV** means the unincorporated Kipper Unit Joint Venture between Esso, Woodside and Mitsui E&P Australia Pty Ltd (**Mitsui**) in relation to the development of and production of Gas from the Gas Reserves and Resources in respect of the KUJV and in which Esso has a 32.5% operating participation interest, Woodside has a 32.5% non-operating participation interest and Mitsui has a 35% non-operating participation interest.

Mandatory Government Agreement has the meaning given to that term in the Code.

**Minister** means the Energy Minister, as defined under the Code, or any person to whom the Energy Minister has delegated the exercise of the Energy Minister's powers and functions in respect of conditional Ministerial Exemptions issued under the Code in accordance with section 77 of the Code.

**Particulars** means the items set out in the table in clause 1 of Schedule 2 for the purposes of these Conditions.

**Petroleum Tenement** means any licence, lease, authority or permit issued under any Australian Commonwealth, State or Territory legislation entitling its holder to explore for, prospect for, lease, extract and/or produce petroleum or Gas in any form.

Project means the Kipper 1B Project and the Turrum Phase 3 Project.

Reporting Period has the meaning given in clause 4 of Schedule 2.

Start Date has the meaning given to that term in item 4 of Schedule 1.

**Turrum Phase 3 Project** means a 5-well program drilled from Marlin B platform at the Turrum Phase 3 Resources, as specified in the Exemption Application.

**Turrum Phase 3 Resources** has the meaning given to that term in item 1.1(c) of the Particulars.

#### 5.2 Words and headings

In these Conditions, unless the context requires otherwise:

- (a) words denoting the singular include the plural and vice versa;
- (b) the word 'includes' in any form is not a word of limitation;
- (c) where a word or phrase is defined, another part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (d) headings and sub-headings are for ease of reference only and do not affect the interpretation of these Conditions; and
- (e) no rule of construction applies to the disadvantage of the Minister on the basis that the Minister prepared or put forward these Conditions or any part of them.

#### 5.3 Specific references

In these Conditions, unless the context requires otherwise, a reference to:

- (a) a gender includes all other genders;
- (b) any legislation (including subordinate legislation) is to that legislation as amended, reenacted or replaced and includes any subordinate legislation issued under it;
- (c) writing includes writing in digital form;
- (d) 'this Exemption' and 'these Conditions' is to this Exemption and these Conditions, respectively, as amended from time to time;
- (e) 'A\$', '\$', 'AUD' or 'dollars' is a reference to Australian dollars;
- (f) a clause, is a reference to a clause of this Schedule;
- (g) a Schedule (other than this Schedule) or attachment is a reference to a Schedule or attachment attached to this Schedule;
- (h) any property or assets of a person includes the legal and beneficial interest of that person of those assets or property, whether as owner, lessee or lessor, licensee or licensor, trustee or beneficiary or otherwise;
- (i) a person includes a firm, partnership, joint venture, association, corporation or other body corporate;
- a person includes the legal personal representatives, successors and permitted assigns
  of that person, and in the case of a trustee, includes any substituted or additional trustee;
  and
- (k) any body (Original Body) which no longer exists or has been reconstituted, renamed, replaced or whose powers or functions have been removed or transferred to another body or agency, is a reference to the body which most closely serves the purposes or objects of the Original Body.

## Schedule 3 Production Volume estimates for each Project

The estimated production volumes to be produced from the Kipper 1B Reserves and Turrum Phase 3 Resources from 2026 to 2033, as at the date of the Exemption Application, is set out in the following table (**Production Forecasts**).

The Production Forecasts may be impacted by a number of factors including:

- approval of annual work plans and associated budgets by the relevant GBJV and KUJV participants;
- reaching final investment decision on each Project, which is subject to the inherent uncertainty in geologic, engineering, operational and market factors that are beyond the control of the Exempt Person; and
- obtaining all necessary regulatory approvals in respect of the Projects.

The Exempt Person acknowledges that:

- the Production Forecasts are intended to contribute to the production, supply and availability
  of Gas to meet domestic demand on the east coast of Australia:
- actual performance against the Production Forecasts will be a relevant consideration in a
  review of the operation of the Code pursuant to section 76 of the Code, to be caused by the
  Energy Minister and the Resources Minister (as defined in the Code), the first of which is due
  to occur no later than 1 July 2025; and
- noting potential commercial sensitivities, the Energy Department will work together with the Exempt Person to determine how performance against the Production Forecasts will be made publicly available.

Capitalised terms used in this Schedule are defined in clause 5.1 of Schedule 2, unless the context requires otherwise.

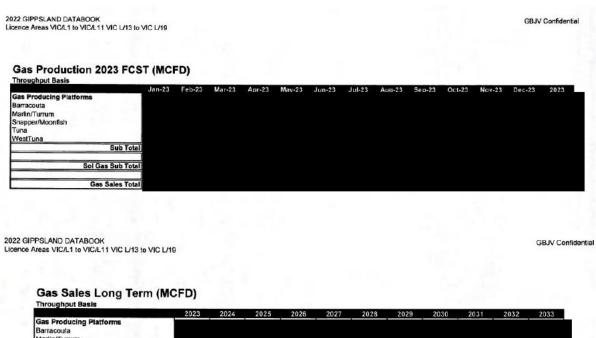
Production Source	Production Volume (PJ) for CY 2026	Production Volume (PJ) for CY 2027	Production Volume (PJ) for CY 2028	Production Volume (PJ) for CY 2029	Production Volume (PJ) for CY 2030	Production Volume (PJ) for CY 2031	Production Volume (PJ) for CY 2032	Production Volume (PJ) for CY 2033
Kipper 1B Reserves								
Turrum Phase 3 Resources								

Note: In respect of the Production Forecasts specified above, the Exempt Person has a 50% entitlement to volumes of Gas produced from the Kipper 1B Reserves and Turrum Phase 3 Resources.

# Schedule 4 Remaining budget for the 2023 GBJV Work Program and Budget

Refer to the remaining budget in respect of the 2023 GBJV Work Program and Budget, as extracted and attached below.

2022 GIPPSLAND DATABOOK **GBJV** Confidential Licence Areas VIC/L1 to VIC/L11 VIC L/13 to VIC L/19 **GBJV 2023 WORK PROGRAM & BUDGET LINE ITEMS** A\$M Gross 2023 BUDGET **OPERATING EXPENSE (ASM)** ABANDONMENT EXPENDITURE TOTAL WORK PROGRAM AND BUDGET



Throughput Basis

2023 2024 2025 2028 2027 2028 2029 2030 2031 2032 2033

Gas Producing Platforms
Barracouta
Mariin/Turrum
Snapper/Moonfish
Tuna

Wes/Tuna

Sub Total

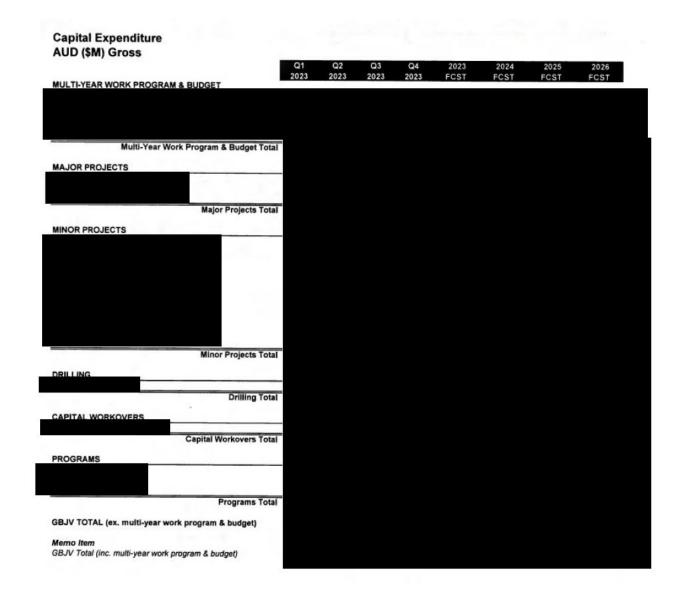
Capital Work Program Sub Total

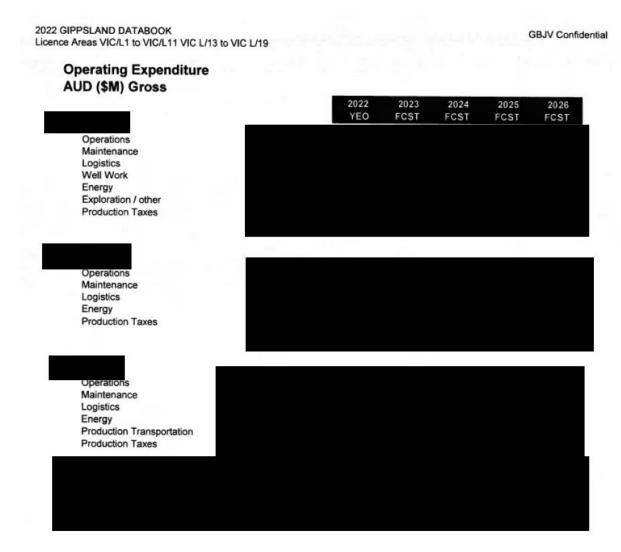
New Developments
Turrum Phase 3

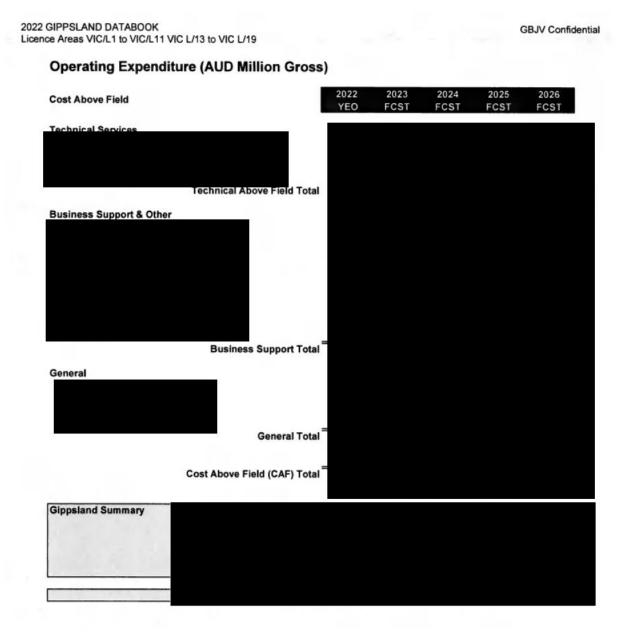
New Developments Sub Total

Gas Sales Total

Mariin Phase 3







- END OF EXTRACT AND SCHEDULE 4 -