# Discussion Document: Proposed Regulations to Support the Crown Minerals (Decommissioning and Other Matters) Amendment Bill 2021

# Submission form

MBIE is seeking submissions from industry and the public on the options and proposals in the discussion document by 5pm on Tuesday 7 September 2021 (extended from 5pm Tuesday 24 August 2021). Please send your submission form to:

* resource.markets.policy@mbie.govt.nz, or
* Resource Markets Policy

Building, Resources and Markets

Ministry of Business, Innovation and Employment

PO Box 1473

Wellington 6140

New Zealand.

# Release of information

# MBIE intends to upload copies of submissions received to MBIE’s website at [www.mbie.govt.nz](http://www.mbie.govt.nz). By making a submission, MBIE will consider you to have consented to uploading, unless you clearly specify otherwise in your submission.

# If your submission contains sensitive information, please send a separate version of this form excluding the relevant information for publication on our website.

# Submissions remain subject to request under the Official Information Act 1982. MBIE will consult with submitters and take objections into account when responding to requests under the Official Information Act 1982.

# Private information

# The Privacy Act 2020 establishes certain principles with respect to the collection, use and disclosure of information about individuals by various agencies, including MBIE. Any personal information you supply to MBIE in the course of making a submission will only be used for the purpose of assisting in the development of policy advice in relation to this discussion document.

**Name (first and last name)**

|  |
| --- |
|  |

**Email**

|  |
| --- |
|  |

**Is this an individual submission, or is it on behalf of a group or organisation?**

|  |
| --- |
|  |

**Business name or organisation**

|  |
| --- |
|  |

**Is there any information you would like to be withheld? Please state which question/information you would like to be withheld? If applicable, please also provide a separate version of this form without the sensitive information.**

|  |
| --- |
|  |

## PROPOSED REGULATIONS ON DECOMMISSIONING OBLIGATIONS

# Section Three, Part 1: Field Development Plans and Asset Registers

***Content of FDPs***

**QUESTION 1:** What information do you think petroleum mining permit and licence holders should include in an FDP to give the Minister sufficient detail to assess financial capability to meet decommissioning obligations?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***Content of FDPs***

**QUESTION 1A:** Do you envisage any issues arising because of potential overlaps between these proposed regulations and other proposed changes such as under the EEZ Act?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***Content of FDPs***

**QUESTION 1B:** Do you have any other feedback on FDPs and their content?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***Content of Asset Registers***

**QUESTION 2:** Is the level of detail we are proposing sufficient to provide a comprehensive view of the assets that need to be decommissioned in a particular field? If you think there should be less detail, why? If you think there should be more detail, why and what further information do you suggest?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***When and how often FDPs and Asset Registers are submitted***

**QUESTION 3:** Do you consider that requiring initial FDPs and Asset Registers six months after the regulations take effect provides permit and licence holders with enough time to comply with the new regulations? Why or why not?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***When and how often FDPs and Asset Registers are submitted***

**QUESTION 4:** Which option do you prefer for FDPs and Asset Registers and why? Your answer can be different for the FDP and Asset Register.

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***When and how often FDPs and Asset Registers are submitted***

**QUESTION 4A:** Do you agree with the impact analysis of these options? If not, why not? Please provide evidence to support your answer.

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***When and how often FDPs and Asset Registers are submitted***

**QUESTION 4B:** If we were to require FDPs and Asset Registers at regular intervals, how frequent should it be and why? Your answer can be different for the FDP and Asset Register.

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***When and how often FDPs and Asset Registers are submitted***

**QUESTION 4C:** Are there any other circumstances that you think the regulations should include as a ‘significant change’?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

# Section Three, Part 2: Financial Capability Monitoring and Assessments

***Ongoing financial monitoring***

**QUESTION 5:** Do you consider that requiring permit and licence holders to provide audited accounts is appropriate to carry out ongoing financial monitoring? If no, what information do you propose we seek and why?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***Ongoing financial monitoring***

**QUESTION 5A:** Do you agree that financial information should be required to be signed by at least one director and audited?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***Requirements for decommissioning cost estimates***

**QUESTION 6:** Do you agree with our proposed requirements? Do you think they are sufficient to generate cost estimates that can be relied on for the scope of decommissioning activities and costs required? Why or why not? Are there any other requirements that you think cost estimates should meet?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***Requirements for decommissioning cost estimates***

**QUESTION 7:** Which option do you prefer for offshore decommissioning cost estimates and why? Are there alternative options that we should consider and why?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***Requirements for decommissioning cost estimates***

**QUESTION 7A:** Do you agree with the impact analysis of these options? If not, why not? Please provide evidence to support your answer.

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***Financial information for financial capability assessments***

**QUESTION 8:** Which option do you prefer for financial information requirements and why?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***Financial information for financial capability assessments***

**QUESTION 8A:** Do you agree with the impact analysis of these options? If not, why not? Please provide evidence to support your answer.

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***Financial information for financial capability assessments***

**QUESTION 8B:** Are there other types of financial information that could or should be used to assess financial capability? If yes, what are they and why should we consider them?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

**Section Three, Part 3: Financial Securities**

***Criteria for kinds of securities***

**QUESTION 9:** Do you think the two considerations identified above (irrevocable and under New Zealand jurisdiction) are appropriate to help identify securities that provide assurance that funds are available when required? Are there other matters that we should include and why?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***Criteria for kinds of securities***

**QUESTION 9A:** Are you aware of other securities currently available in New Zealand that would be irrevocable and under New Zealand jurisdiction? Please provide details.

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***Criteria for kinds of securities***

**QUESTION 9B:** Should the Minister require certain types of securities in certain situations? For example, should new permit and licence holders provide a security that is different to existing permit and licence holders? Why or why not?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***Criteria for kinds of securities***

**QUESTION 9C:** Do you think we should specify a hierarchy of securities required from permit and licence holders? Why or why not?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

***Managing cash reserves***

**QUESTION 10:** Do you agree that an escrow managed by a third party is an appropriate mechanism for managing cash funds? Why or why not?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

**Section Three, Part 4: When Production Ceases**

**QUESTION 11:** What timeframe would be appropriate and practical for permit and licence holders to notify MBIE’s Chief Executive of expected production cessation dates, in order to achieve our aim of allowing MBIE as the regulator to increase engagement?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

## PROPOSED REGULATIONS ON A POST-DECOMMISSIONING FUND

**Section Four, Part 1: Criteria Relating to the Post-Decommissioning Payment**

**QUESTION 12:** Do you agree with our proposed criteria to be used to determine the post-decommissioning payment for wells that have been plugged and abandoned? Are there any other criteria that you think we should consider? What are they and why do you think we should consider them?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

**QUESTION 12A:** Do you agree with our proposed criteria to be used to determine the post-decommissioning payment for any infrastructure left in place? Are there other criteria that you think we should consider? What are they and why do you think we should consider them?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

**QUESTION 12B:** Do you agree with our proposed criteria to be used to determine the post-decommissioning payment for environmental and health and safety effects based on location (as set out in Figure 3)? Are there any other criteria that you think we should consider? What are they and why do you think we should consider them?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

**QUESTION 12C:** Are the key factors for assessing the future risk of well integrity correct (as set out in Figure 1)? Why or why not? Are some factors more important than others? If so, what weight should the risk rating of each feature contribute to the overall risk rating for the well?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

**QUESTION 12D:** Are the key factors for assessing future risk relating to infrastructure left in place correct (as set out at Figure 2)? Why or why not? Are some factors more important than others? If so, what weight should the risk rating of each feature contribute to the overall risk rating for infrastructure left in place?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

**QUESTION 12E:** Do you agree with determining the final post-decommissioning payment based on bringing together component parts one (wells) and two (infrastructure) and component three (environmental clean-up and health and safety impacts of any failure)? Are there any further considerations we should allow for? Why or why not?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

# Section Four, Part 2: Making Payments

**QUESTION 13:** Do you agree with the proposed criteria for assessing when payments will be due? Are there any other factors that we should consider when deciding when payments are due?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

# Section Four, Part 3: Granting Exemptions

**QUESTION 14:** Do you agree with our approach to granting exemptions? Why or why not? Are there other scenarios or criteria to consider that may justify an exemption?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

**Section Four, Part 4: Accessing the Fund**

**QUESTION 15:** Do you agree with the process for accessing the post-decommissioning fund? Why or why not?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

**QUESTION 15A:** Are there other groups that may require access to the fund?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

**QUESTION 15B:** What process should third parties follow to access the post-decommissioning fund?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

# Section Four, Part 5: Managing the Fund

**QUESTION 16:** Do you agree with our proposed approach to managing the post-decommissioning fund? Why or why not?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |

**QUESTION 16A:** Are there any other factors that we should consider when managing the post-decommissioning fund?

|  |
| --- |
| **Please type your submission below. Please indicate the question(s) to which you are responding.** |
|  |