



## COVERSHEET

<b>Minister</b>	Hon Dr Megan Woods	<b>Portfolio</b>	Energy and Resources
<b>Title of Cabinet paper</b>	Regulations under the Crown Minerals (Decommissioning and Other Matters) Amendment Act 2021 relating to technical and financial information requirements	<b>Date to be published</b>	18/03/22

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
December 2021	Regulations under the Crown Minerals (Decommissioning and Other Matters) Amendment Act 2021 relating to technical and financial information requirements	Office of the Minister of Energy and Resources
15 December 2021	Crown Minerals (Decommissioning and Other Matters) Amendment Act 2021: Proposed Regulations Relating to Technical and Financial Information Requirements DEV-21-MIN-0269	Cabinet Office
16 November 2021	Regulatory Impact Statement: Regulations on information requirements to support implementation of a strengthened regime for decommissioning petroleum infrastructure and wells	MBIE

### Information redacted

**YES**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

- Constitutional conventions.



# Cabinet Economic Development Committee

## Minute of Decision

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*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

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### Crown Minerals (Decommissioning and Other Matters) Amendment Act 2021: Proposed Regulations Relating to Technical and Financial Information Requirements

Portfolio                      Energy and Resources

On 15 December 2021, the Cabinet Economic Development Committee:

#### Background

- 1        **noted** that the Crown Minerals (Decommissioning and Other Matters) Amendment Act 2021 (the Amendment Act) received Royal Assent on 1 December 2021;
- 2        **noted** that the Amendment Act 2021 provides for regulations to be made which would set the information requirements in respect of a range of information relating to decommissioning monitoring:
  - 2.1      Field Development Plans (which the Amendment Act provides must detail the planned development of the field over its anticipated productive life);
  - 2.2      Asset Registers, which the Amendment Act provides must be a complete and accurate list of the petroleum infrastructure and wells that permit and licence holders must decommission under the Amendment Act;
  - 2.3      Subpart 2 Decommissioning Plans, which the Amendment Act provides must describe the planned decommissioning activities and the processes to be used to carry out those activities, and set out a proposed schedule for those activities;
  - 2.4      Decommissioning Cost Estimates;
  - 2.5      Decommissioning Completion Report, which is a record of how sites were left and provides evidence that everything listed on the Asset Register has been decommissioned;
  - 2.6      information that is relevant and reasonably necessary to enable the Minister to monitor the financial position of a permit or licence holder;
  - 2.7      information that is relevant and reasonably necessary to enable the Minister to carry out a financial capability assessment;

- 3 **noted** that the Amendment Act provides for regulations to be made which require the information described in paragraph 2 above to be submitted at prescribed times and/or within a specified time of the occurrence of prescribed events;

### Requirements relating to Field Development Plans

- 4 **agreed** that the regulations will set out minimum information requirements for Field Development Plans that substantially correspond to the existing application requirements for new mining permits in the Crown Minerals (Petroleum) Regulations 2007;
- 5 **agreed** that the regulations will require Field Development Plans to be submitted six months prior to the occurrence of prescribed events that would lead to any departure from the planned development of the field, including additions, changes, or removal of petroleum wells and infrastructure, and any changes to the production strategy of the field;

### Requirements relating to Asset Registers

- 6 **agreed** that the regulations will set out minimum identification, location, functional, and technical information requirements for Asset Registers;
- 7 **agreed** that the regulations will require Asset Registers to be submitted three months after the occurrence of prescribed events, including additions to, plugging and abandoning of, or removal of petroleum wells and infrastructure, and any change of asset ownership;
- 8 **agreed** that the regulations will amend the requirements in existing regulations relating to annual reports on mining activities and production operations to require permit and licence holders to state whether there have been any changes to the assets in the Asset Register in the preceding year;

### Requirements relating to Subpart 2 Decommissioning Plans

- 9 **agreed** that the regulations will set out minimum information requirements for Subpart 2 Decommissioning Plans, including:
- 9.1 the proposed decommissioning solution for assets;
  - 9.2 the proposed end state for petroleum infrastructure;
  - 9.3 field layout;
  - 9.4 any proposed post-decommissioning monitoring and/or maintenance;
  - 9.5 timing of decommissioning, including expected cessation of production;
  - 9.6 any interdependencies in scope or timeframes;
  - 9.7 relevant conditions of any land access agreements;
  - 9.8 scope and conditions of any relevant marine or resource consents or applications;
  - 9.9 any planned engagement with iwi and hapu;
- 10 **agreed** that the regulations will require Subpart 2 Decommissioning Plans to be developed by or verified by an independent third party;

- 11 **agreed** that the regulations will require Subpart 2 Decommissioning Plans to be submitted six months after the occurrence of prescribed events, including additions, plugging and abandoning, or removal of petroleum wells and infrastructure, any change of asset ownership, any change in proposed decommissioning methodology, and applications and authorisations for plans or activities under relevant health, safety and environment legislation;

### **Requirements relating to Decommissioning Cost Estimates**

- 12 **agreed** that the regulations will set out minimum information requirements for Decommissioning Cost Estimates, including the cost of all project management, operational expenditure, plugging and abandoning, infrastructure decommissioning, disposal, remediation, and any monitoring and maintenance, and any contingency levels and assumptions;
- 13 **agreed** that the regulations will require Decommissioning Cost Estimates to meet minimum quality standards in accordance with the Cost Estimate Classification System published by the Association for the Advancement of Cost Engineering;
- 14 **agreed** that the regulations will require Decommissioning Cost Estimates to be developed by or verified by an independent third party;
- 15 **agreed** that the regulations will require Decommissioning Cost Estimates to be submitted six months after the occurrence of prescribed events, including additions, plugging and abandoning, or removal of petroleum wells and infrastructure, any change of asset ownership, any change in proposed decommissioning methodology, any significant change in the estimated decommissioning cost, and applications and authorisations for plans or activities under relevant health, safety and environment legislation;

### **Requirements relating to Decommissioning Completion Reports**

- 16 **agreed** that the regulations will require a Decommissioning Completion Report to include a statement of completion that confirms that the permit or licence holder has met its decommissioning obligations as proposed in the Amendment Act, and is signed by each permit or licence participant;
- 17 **agreed** that the regulations will require a Decommissioning Completion Report to contain supporting information, including a final and complete Asset Register, and a summary of the decommissioning activities undertaken, the outcome of the decommissioning programme, any measures to manage potential risks from wells and infrastructure left in-situ, actual costs versus estimated costs, and observations on cost-minimisation;
- 18 **agreed** that the regulations will amend the requirements in existing regulations relating to well abandonment reports to require permit and licence holders to include additional technical information and reports of a nature specified in Appendix Three to the paper under DEV-21-SUB-0269;
- 19 **agreed** that regulations will require the Decommissioning Completion Report to be submitted six months after the completion of decommissioning;

**Requirements relating to monitoring financial position**

- 20 **agreed** that the regulations will require permit and licence participants to disclose financial statements that they are already required to prepare under the Companies Act 1993, or if the permit or licence participants are not required to prepare financial statements under the Companies Act 1993, any financial statements as provided for under the Tax Administration (Financial Statements) Order 2014;
- 21 **agreed** that the regulations will require further information of a nature specified in Appendix Four to the paper under DEV-21-SUB-0269 to be disclosed, where this information is not already disclosed in a financial statement;
- 22 **agreed** that if the regulations require permit or licence participants to disclose financial statements in accordance with the Companies Act 1993, this information must be disclosed at times consistent with the filing of financial statements under the Companies Act 1993;
- 23 **agreed** that where the permit or licence participant is not required to prepare financial statements under the Companies Act 1993, these permit and licence participants are required to disclosure financial statements in accordance with Tax Administration (Financial Statements) Order 2014, within five months of their balance date (as defined under the Companies Act 1993);
- 24 **agreed** that the obligations come into effect after the first balance date following commencement of the regulations;
- 25 **noted** that officials will provide further advice to Ministers on auditing and monitoring arrangements;

**Requirements relating to financial capability assessments**

- 26 **agreed** that the regulations will require permit and licence participants to provide a statement of financial capability signed by or on behalf of the permit or licence participant, in which the person signing the statement must confirm that they have and will maintain the financial capability to meet their obligation to carry out and fund decommissioning;
- 27 **agreed** that the regulations will require permit and licence participants to provide minimum supporting information, including forecast operating and capital expenditure, dividend policy, future funding details, insurance policy details, and 1P (proven) production profile;

**Release of exposure draft of regulations and other recommendations**

- 28 **agreed** to the release of an exposure draft of the regulations;
- 29 **invited** the Minister of Energy and Resources to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above paragraphs (including, if required, issuing updated drafting instructions after considering any submissions on the exposure draft of the regulations);
- 30 **authorised** the Minister of Energy and Resources to make minor or technical changes to the policy decisions referred to above, consistent with the general policy intent, on issues that arise in drafting;

- 31 **invited** the Minister of Energy and Resources to make additional policy decisions, consistent with the general policy intent, on issues that arise in drafting, or after considering submissions on the exposure draft of the regulations.

Janine Harvey  
Committee Secretary

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**Present:**

Hon Dr Megan Woods (Chair)  
Hon David Parker  
Hon Nanaia Mahuta  
Hon Poto Williams  
Hon Damien O'Connor  
Hon Kris Faafoi  
Hon Peeni Henare  
Hon Willie Jackson  
Hon Michael Wood  
Hon Dr David Clark  
Hon Meka Whaitiri  
Hon James Shaw  
Rino Tirikatene, MP  
Dr Deborah Russell, MP

**Officials present from:**

Office of the Prime Minister  
Officials Committee for DEV