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Strategic Policy Section, Offshore Resources Branch
Department of Industry, Science and Resources
Industry House, 10 Binara Street
Canberra ACT 2601

Email: ORBStrategicPolicy@industry.gov.au

RE: Future Gas Strategy – Draft Offshore Guidelines Consultation

INPEX appreciates the opportunity to contribute to the Department of Industry, Science and Resources' consultation on the proposed draft offshore guidelines and policy statement. We recognise this consultation as a positive step toward establishing clear, actionable measures aligned with the Future Gas Strategy. However, as our below submission details, there are several areas of concern within the guidelines that may have substantial impacts to the oil and gas industry – and particularly, the backfill and expansion prospects for Ichthys LNG.

Our attached submission provides input on each of the three consultation guidelines and draft policy statement:

- Exploration Work Bid
- Declaration of Location
- Retention Lease
- Venting and Flaring from Offshore Petroleum Facilities

INPEX was founded as a Japanese government-owned entity to boost Japan's energy security. Today, INPEX CORPORATION (INPEX) is an international energy company listed on the Tokyo Stock Exchange but remains 21.19 per cent owned by the Japanese government. Energy security for Japan remains in the company's DNA.

As a pioneer in energy transformation, INPEX aims to provide a stable supply of diverse and clean energy sources including oil and natural gas, hydrogen, and renewable power. This year, the company released its business strategy roadmap INPEX Vision 2035, which sets out the company's priorities over the next decade on a path to achieving the target of net zero emissions by 2050.

Ichthys LNG plays a significant role in bridging two nations by providing lasting social and economic benefits to Australia while delivering long-term energy security to Japan.

Approximately 70 per cent of LNG from Ichthys LNG is contracted on long-term contracts into Japan and Ichthys LNG contributes approximately 8 per cent of Japan's LNG imports. Ichthys LNG is the first Australian project to enter a long-term sales and purchase

agreement with Taiwan and accounts for approximately 10 per cent of Taiwan's LNG imports.

While focused on gas exports, Ichthys LNG has arrangements in place with the Northern Territory Power and Water Corporation (PWC), providing emergency gas supply to Darwin. When called upon by PWC to supply emergency gas we have responded, avoiding potential electricity blackout scenarios in the Darwin area and provided security and stability for the Northern Territory's power generation.

We acknowledge and appreciate the Department's efforts to address gas development and approval timeframe concerns raised by industry peers and Indo-Pacific partners, who regard Australia as a trusted and reliable energy supplier.

This consultation is particularly relevant to INPEX considering the expansion opportunities we are actively pursuing in Australia. INPEX would be pleased to provide the Department with a briefing on the specific potential impacts of these guidelines to our business activities as required, given their commercial sensitivity.

INPEX looks forward to ongoing collaboration with the Department to ensure these guidelines and draft policy support a robust, sustainable, and globally competitive offshore energy sector.

Please contact John Williams, Government Affairs and Regulatory Approvals Manager, on 0412 422 636 or at john.w@inpex.com.au for further information, or to arrange a briefing.

Yours sincerely,



Bill Townsend
Senior Vice President Corporate
INPEX Australia

Draft Guideline: Offshore Petroleum Exploration – Work Bid

No primary term seismic acquisition commitments

The Exploration Permit (Work-Bid) Guideline outlines that Primary Term obligations in new permits will generally no longer require seismic data acquisition, however it can be added later through a variation to the work program, noting the aim of the guidelines is to ensure that no unnecessary seismic acquisition was to be undertaken by industry. INPEX confirms that only essential seismic data is acquired. Seismic acquisition, while valuable, is a costly process with complex and time-consuming approval requirements and often takes considerable time before the data becomes usable to Titleholders. As a result, seismic is only pursued when all alternative exploration options have been thoroughly considered and exhausted.

Under current arrangements, an Exploration Permit authorises the permittee to carry on operations and execute such works as are necessary for those purposes (s.98(1)) to explore for petroleum in the permit area in accordance with permit conditions and environmental approval guidelines. Under the Act, after the grant of a Title, there are no further Title Administrator or Joint Authority approvals required to undertake seismic acquisition unless seeking to vary an existing work obligation or to seek a credit.

It is therefore unclear to INPEX why under the new proposed guidelines, companies would be required to seek an approval to undertake seismic acquisition as part of their minimum work obligations if they are not seeking to vary an existing work obligation or to seek a credit.

Further it is unnecessary to include a requirement to reduce marine noise as this is already addressed under the EPBC Act and NOPSEMA's Environment Plan assessments. Existing seismic acquisition guidelines – such as soft starts and halting seismic acquisition when cetaceans are within a defined distance – have effectively managed this for many years. Including these requirements in the guidelines risks duplicating or conflicting with EPBC and NOPSEMA responsibilities.

INPEX would also encourage the Australian Government to renew its support for the seismic acquisition industry in Australia by ensuring all seismic acquisition requirements and opportunities are realised. Seismic acquisition is the bedrock technology used for the discovery of critical new oil and gas resources and for the effective production management of our existing hydrocarbon resources.

Seismic acquisition also underpins the concepts of carbon sequestration and storage and being able to monitor and verify plume migration. INPEX's primary concern is the reference in the Future Gas Strategy (Principle 3) to "minimise seismic surveying where possible", this position undermines the future of Australia's oil and gas industry and ability to offset and meet the emission reduction targets through sequestration. As with all exploration work programs, seismic surveys are no different in terms of having the highest environmental protection standards, and subsequently the lowest incident rates, as it is required to be undertaken under all appropriate regulations.

Subjective assessment of work bids under an Acreage Release round

Australia's competitive work-bid process has proven effective for decades, allowing companies to propose technical work programs aligned with their exploration strategies to discover commercial hydrocarbons and invest in new gas projects. It encourages participation from a wide range of applicants – from major petroleum producers seeking to maintain infrastructure capacity, to smaller explorers aiming to discover and develop new resources.

The existing process is transparent, consistent, and therefore auditable. By contrast, the proposed changes introduce subjective criteria – such as the 'best exploration strategy' and the 'most deserving applicant' - which rely heavily on an individual assessor's experience and geological knowledge. This subjectivity reduces repeatability, may decrease the number of applicants, and may increase the risk of Regulator's decisions being challenged by activist groups. This has the potential to reduce investment certainty and thus limit gas development in Australia.

Requirement to nominate or align work bids with potentially useful infrastructure

The proposed guidelines require applicants to identify 'potentially useful nearby infrastructure' and describe how any discovered resources might be developed using existing facilities. INPEX recognises this aligns with the aspirations of the Future Gas Strategy and supports the Regulator's focus on infrastructure-led exploration. However, it may disadvantage exploration-only companies that lack infrastructure access or where nearby infrastructure is fully utilised, potentially excluding them from consideration as a 'deserving applicant.'

Focussing exploration on existing infrastructure may also hinder the opening of new basins and the discovery of new hydrocarbon resources.

Requiring applicants to nominate infrastructure prior to discovery suggests engagement with infrastructure owners during the pre-bid phase – when no defined resources exist. This is challenging, as meaningful commercial discussions are unlikely to occur until discoveries are better understood and defined. It should also be noted that infrastructure owners have often made significant investments, with long-term plans that include their own exploration, drilling, and backfill strategies.

Removal of the Good Standing Agreement arrangements

The updated Guidelines propose removing Good Standing Agreement (GSA) arrangements, citing that non-compliance is now addressed under the 2021 Applicant Suitability framework. However, there is no mechanism within this framework for companies to offset non-compliance of exploration work obligations.

Applicant company and directors must disclose any previous refused applications or cancelled titles, which are then considered in assessing the 'most deserving applicant' for new permits or change of control. While the Exploration Permit Guidelines specify a three-year impact period for expiry due to default, no such timeframe exists for permit cancellations. As such, it is unclear how the previous 5-year bad standing period is fully

replaced by the Applicant Suitability criteria. The decision maker who must have regard of the non-compliance can then be advised of the basis of the non-compliance and those actions taken to mitigate the default.

If managing GSAs – particularly the option to offset the negotiated liability on data acquisition in a re-release permit – has become burdensome, revising how liabilities are discharged would be more effective.

For example, redirecting liabilities toward regional studies could yield significant benefits for Australia and the industry. Research institutions regularly seek industry funding, and Geoscience Australia could manage a central fund for this purpose. GSA liabilities could support government-aligned studies, while NOPSEMA’s annually published priorities – such as biodiversity assessments, exclusion zones, and spill response – could also be funded through these redirected obligations.

Impact of the proposed changes to the Guidelines for Exploration Permits

A strong exploration industry remains essential for Australia, as new resource discoveries and the development of existing and future hydrocarbon resources are still needed until viable energy alternatives can fully meet domestic and global demand.

Guidelines should support participation from companies of all sizes. Smaller explorers – often without infrastructure – tend to accept higher geological risk and have a track record of unlocking new resources in overlooked basins. Prioritising access to existing infrastructure in the bid process may inadvertently limit exploration to major companies and infrastructure owners, focusing activity on backfill rather than frontier exploration.

The removal of GSA’s affects all companies, including those actively assessing basin prospectivity but unable to secure drilling or seismic opportunities. These companies would benefit from the option to redirect liabilities rather than face a future penalty.

Draft Guideline: Offshore Petroleum Declaration of Location

Declaration of Location moving from subsurface focus to commercial

Under the proposed guideline, a Declaration of Location (DOL) application shifts focus from subsurface assessment to the initiation of commercial and development planning. Applicants must identify development barriers and commit to a schedule of activities leading to a Production Licence or Retention Lease within two years. This commitment is in addition to any further exploration work obligations.

The Annual Title Assessment Report must now include the report out of DOL-specific activities aligned with a development schedule, including potential development concepts and potentially useful infrastructure. Traditionally, these activities support a Retention Lease application and would occur after resource appraisal – and would be more reflective of an appropriate sequencing of work.

A work program must be submitted with a Declaration of Location application

The Joint Authority expects Titleholders to submit a minimum work program and schedule with a Declaration of Location (DOL). While not a formal title condition, failure to complete these activities – reported through the Annual Title Assessment Report (ATAR) – may be deemed non-compliant.

These commitments exceed the existing exploration obligations and are not conditions of the Exploration Permit under which the DOL blocks remain.

There is no indication that the exploration commitment will be reduced to account for this unlegislated expectation to undertake development-focused activities during the exploration phase. As the DOL is not a title and carries no statutory right or obligations, it is unclear how Titleholders can be held accountable for non-delivery of the proposed activities.

New Policy: Regulator will not renew Declaration of Location unless under exceptional circumstances

The OPGGSA Act permits Titleholders to apply a two-year DOL extension. INPEX recommends the Guidelines align with the Act and avoid imposing additional conditions not contemplated by it. Limiting justifications for extension to exceptional technical or force majeure grounds introduces requirements beyond the Act, potentially affecting the Guidelines' enforceability.

Draft Guideline: Offshore Petroleum Retention Lease

INPEX appreciates the intent of the proposed changes to the administration of Retention Leases to enforce the Future Gas Strategy's 'use it or lose it' expectations and to move discoveries to production in a timely and efficient manner. This will support ongoing gas and oil supply for domestic and international markets and to reduce the number of commercially stranded gas fields.

Changing the administration of the "within 15-year" Retention Lease criteria

Retention Lease guidelines have historically required development within 15 years from the initial Application and from the point of renewal recognising the long-term nature of offshore projects and the significant investment involved with developing these types of projects. The new proposed Guidelines, however, mandate development and production within 15 years from the initial retention lease period, significantly altering the application of the 15-year rule. This change could negatively impact resource owners with limited access to infrastructure and those awaiting long-term ullage, potentially overlooking the large investments made to discover these resources.

The new requirement to strengthen the commercial viability statement (s142, 148 and 154 of the Act) from "could be developed" to "recovery operations could commence within 5 years" means only Titleholders with existing infrastructure, approved life

extensions, or fully appraised fields can meet these criteria. This fails to account for the time needed to appraise and develop a resource or for ullage timing requirements.

INPEX suggests that this change will result in only those resources requiring minimal appraisal and in proximity to infrastructure with near-term ullage ever progressing to a Declaration of Location and Retention Lease, while others will continue to remain under the Exploration Permit and limited focus for appraisal activities.

Also of note, smaller gas discoveries may face delays in commercialisation due to their later placement in ullage backfill sequences, affecting their viability under the new criteria.

Defined schedule and significant work activities to be undertaken during the term

The proposed change to the expected level of activity during a retention lease implies all gas resources should be treated equally, disregarding sequencing and long-term backfill planning.

The proposed Guidelines do not clearly articulate whether the proposed work program changes and schedule of obligations and activities will be reflected by a change of the 5-year schedule to a year-by-year schedule of activities.

Holding Titleholders to a year-by-year schedule and requiring documentation of non-compliance in the ATAR limits their ability to manage work scopes based on previous studies and priorities.

Increasing pressure on Titleholders to pursue domestic gas opportunities using existing infrastructure, given the 15-year production timeline, could add further complexity.

New policy: Requirement to prepare a Preliminary Field Development Plan as a condition of the third term (second renewal) of a Retention Lease

Using the Preliminary Field Development Plan (FDP) for retention lease compliance could lead to subsequent variations and submissions to the Regulator as the project matures, causing unnecessary duplication and reassessment by the Regulator. Making the preliminary FDP an evergreen process only adds to the Regulator's administrative burden.

Under the existing Guidelines, a preliminary FDP is prepared before applying for a production licence. This preliminary FDP is shared with NOPTA for a final completeness check to ensure a smoother Production Licence application. Any feedback on the preliminary FDP is expected to be incorporated into the final plan. The FDP is prepared during FEED, once the development concept has been selected, designed, and fully scheduled. During this process, an application for the Offshore Petroleum Project (OPP) is also submitted for approval.

New application of Policy: Re-evaluation of commerciality

NOPTA has initiated a program to assess all Retention Leases for commerciality and a candidate for re-evaluation. This will consider factors such as domestic gas potential, ullage in existing infrastructure, and coordinated resource development across leases within regions and basins. However, there is a lack of clarity regarding whether the intent is to compel infrastructure owners to allow third-party access or to require Titleholders in the same area to coordinate developments, such as through directed unitisation.

Directed to undertake seismic surveying but not a well

Following a commercial re-evaluation, NOPTA may direct a Titleholder to conduct seismic surveys to address commercialisation barriers under the proposed guidelines. This would require a multi-year Suspension and Extension to the Retention Lease, as any new seismic acquisition plan will require at least a 3-year extension to gain an Environment Approval and source an acquisition vessel and process the data. Consequently, no other development activities would be pursued until the new seismic data is available, to avoid duplication, rework, and unnecessary costs to the company. Therefore, any direction to acquire seismic data could effectively slow down the development project.

Draft Policy Statement: Venting and Flaring from Offshore Petroleum Facilities

Policy options to reduce and, where possible, eliminate venting and flaring of gas

While INPEX acknowledges the Future Gas Strategy's intent under Action 2 to reduce or eliminate gas venting and flaring – except for safety reasons – we caution against a rigid interpretation.

As noted in the draft policy statement, offshore flaring and venting is already managed under existing legislation guided by Good Oilfield Practise and As Low as Reasonably Practicable (ALARP) principles, which take into account practical, economic and efficiency considerations.

INPEX recommends the Department continue to apply these principles when determining what is "possible" in reducing offshore flaring and venting.

INPEX consider that the limits of reduction in flaring and venting should ultimately be determined on a case-by-case basis, taking into account:

- The marginal cost of the emission reduction
- The overall capacity for change - primarily a consideration of the feasibility of modification to existing operating facility versus those that have not yet commenced operation

Additionally, INPEX recommends developing guidance to interpret current legislative requirements in the context of the Future Gas Strategy. This would promote

improvements while maintaining ALARP, setting clear expectations with flexibility. Such an approach would offer a more fit-for-purpose path forward than legislative changes.

Improving the clarity of venting and flaring data collected under existing regulatory arrangements

INPEX is supportive of measures that afford clear reporting of GHG emissions including those from venting and flaring.

Given the current National Greenhouse and Energy Reporting Scheme (NGERs) framework, which does not differentiate between emissions from system upsets, accidents, or deliberate releases, we expect the Department will seek data that separates safety-related from non-safety-related flare and vent volumes.

INPEX agrees this disaggregation is appropriate but encourage the Department to allow operators flexibility in their reporting methodology.

Beyond these changes, and ahead of any policy design, we would recommend that:

- Clear objectives are set; and
- Appropriate assessment is undertaken to determine the need for change.

INPEX encourages the Department to utilise the current National Greenhouse and Energy Reporting (NGER) framework which is seen by the industry as 'best-in-class'. We strongly oppose any introduction of additional reporting requirements which pose a duplication to rigorous reporting standards that the industry already adheres to.