



Express law *fast track information for clients*

5 December 2008

New carbon sequestration regime

The [**Offshore Petroleum Amendment \(Greenhouse Gas Storage\) Act 2008**](#) (the Act) amends the **Offshore Petroleum Act 2006 (OPA)** to insert a regime for regulating the injection and storage of carbon dioxide (and potentially other greenhouse gases) in deep sub-seabed geological formations.

The Offshore Petroleum Amendment (Greenhouse Gas Storage) Bill 2008 was passed by parliament on 11 November 2008, and received Royal Assent on 21 November 2008.

The Act also makes consequential changes to the offshore petroleum titles for which the OPA already provides. The OPA, as amended by the Act, will continue to apply only in the Commonwealth offshore jurisdiction.

Background

Greenhouse gas injection and storage has the potential to make a significant contribution to reducing greenhouse gas emissions to the atmosphere. It is applicable to many carbon dioxide emitting industries, and particularly to coal-fired power generation, as an important clean coal technology.

Flue gases from power plants or other energy generation facilities are captured and the carbon dioxide is stripped off and compressed to a supercritical (fluid) state. Still under very high pressure, this fluid is transported to the injection site and injected into geological formations where a range of structural and chemical trapping mechanisms work to contain the carbon dioxide geologically.

Carbon sequestration legislative regime

The Act inserts into the OPA a new legislative regime to provide for the grant and regulation of offshore titles (similar to existing petroleum titles in the OPA) for:

- the exploration, assessment and testing of geological formations as potential storage formations
- the transportation by pipeline, and injection and storage in suitable geological formations, of carbon dioxide and (potentially) other greenhouse gases.

The legislative scheme also provides for management of potential conflicts between current and future offshore petroleum operations and titles, and current and future carbon sequestration operations and titles.

The Act also amends the long title of the OPA, renaming it the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*, and makes consequential amendments to 27 other acts.

The Act is part of a package of four acts establishing the new regime. The other acts are: the *Offshore Petroleum (Annual Fees) Amendment (Greenhouse Gas Storage) Act 2008*; the *Offshore Petroleum (Registration Fees) Amendment (Greenhouse Gas Storage) Act 2008*; and the *Offshore Petroleum (Safety Levies) Amendment (Greenhouse Gas Storage) Act 2008*.

Fiona Brotherton of AGS played a central role in implementing the Australian Government's policy initiative in relation to carbon capture and storage in the Act.

For further information please contact:

Fiona Brotherton
Senior General Counsel
T 02 6253 7075 F 02 6253 7304
fiona.brotherton@ags.gov.au

Leo Hardiman
Senior General Counsel
T 02 6253 7074 F 02 6253 7304
leo.hardiman@ags.gov.au

Catherine Sainsbery
Counsel
T 02 6253 7465 F 02 6253 7304
catherine.sainsbery@ags.gov.au

Important: The material in *Express law* is provided to clients as an early, interim view for general information only, and further analysis on the matter may be prepared by AGS. The material should not be relied upon for the purpose of a particular matter. Please contact AGS before any action or decision is taken on the basis of any of the material in this message.

This message may contain confidential or legally privileged information. Only the addressee has the right to use or disseminate this information. If you think it was sent to you by mistake, please delete all copies and advise the sender. For the purposes of the *Spam Act 2003*, this email is authorised by AGS. Find out more about AGS at <http://www.ags.gov.au>.

If you do not wish to receive similar messages in the future, please reply to:
<mailto:unsubscribe@ags.gov.au>