



PANGAEA
RESOURCES PTY Ltd.

2 July 2015

Australian Competition & Consumer Commission
Level 35, The Tower
360 Elizabeth Street
Melbourne VIC 3000

Via email: gas.inquiry@accc.gov.au

Re: Public Submission to ACCC East Coast Gas Inquiry by Pangaea Resources Pty Ltd on 2 July 2015

Pangaea Resources Pty Ltd (Pangaea) welcomes the opportunity to make a submission to the East Coast Gas Inquiry, as per below.

Questions on access to new gas reserves

Q.11 Are there any other regulatory barriers which create significant difficulties in accessing new gas reserves?

Pangaea believes that amending the onshore Queensland petroleum legislation to provide for the issue of exploration and production authorities over specific “strata” of subsurface land (“**Strata Titling**”) could unlock trillions of cubic feet of gas.

Situation: Oil & gas (shale gas, shale oil, tight gas, basin-centred gas, CSG, conventional oil) exist in separate strata which can be geologically identified. However, under the existing Queensland onshore petroleum legislation exclusive exploration and production authorities are issued only by reference to the surface area so that the holder of the authority has the right, but not the obligation, to explore and develop each geological stratum under that surface area (See Figure 1 below).

This typically sterilises access to deeper resources which have become commercially available as a result of new technologies and recovery techniques.

Example: Current QLD operators are focused on “Shallows” CSG, to meet delivery goals to honour contractual LNG requirements. An unintended consequence of this is that exploration and development of “Deeper” resources may be taken as a lesser priority and deferred or ignored. Other operators are denied access to explore and produce from “Deeper” strata. Other operators who may have contract rights to do so (as Pangaea has in several tenements) do not have the benefit and protection of title recognition (e.g. an ability to deal with a Strata Title interest by transfer or mortgage to raise funds for development).

Solution: Amend the legislation to give the Minister discretion to grant Petroleum exploration and production authorities based on known geology or stratigraphic layers as separate ‘Strata Titles’. This model is commonly seen internationally, especially in North America.

Advantages:

1. Strengthens existing contractual arrangements by creating a separate legal title;
2. Contractual arrangements (or failing these, legislated arrangements) could permit “Shallows” and “Deeps” sharing of surface access rights and surface facilities through coordination mechanisms;
3. Encourages current permit holders to commercialise resources more rapidly through sale or farm-out of these “Deeps” strata targets;
4. Permits environmental and other regulatory control over separate operators at each strata;
5. Creates “use it or lose it policy” releasing existing rights over the “Deeps” targets, which are now sterilised, thus increasing pace of exploration and potential resource development; and
6. Accelerates development of prolific deeper oil and gas resources in different sedimentary basins.

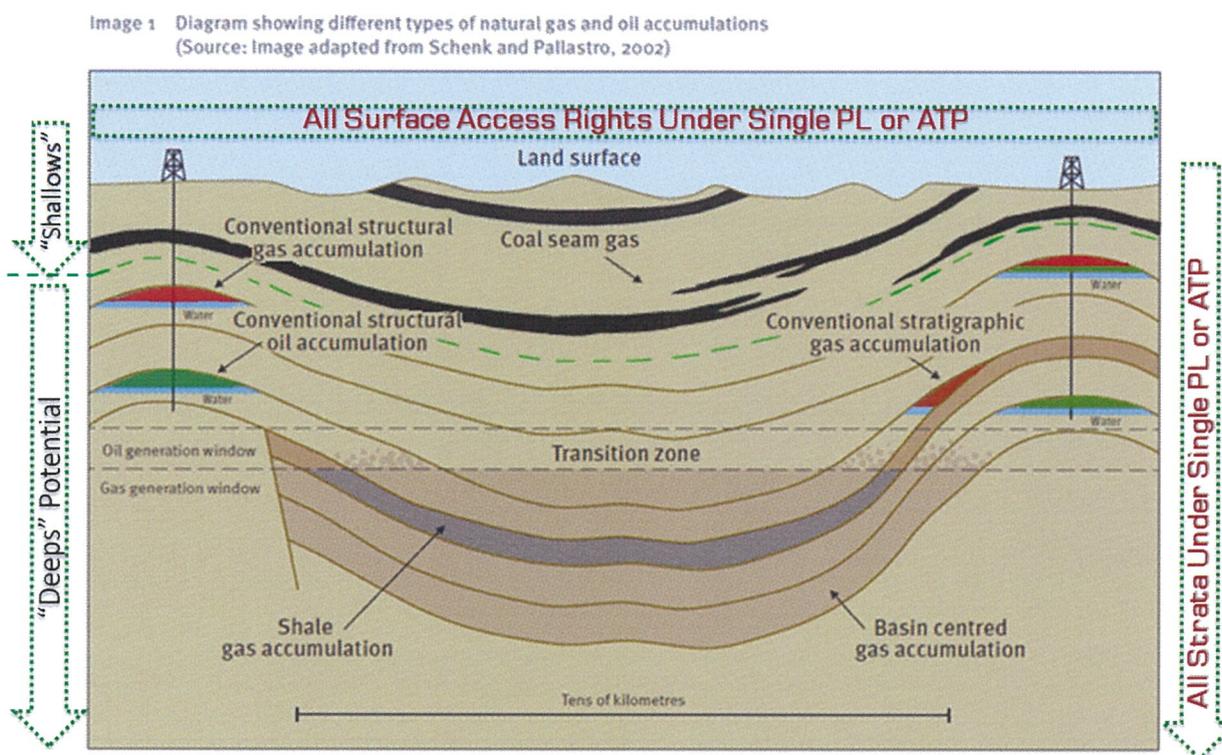


Figure 1: Current allocation of resources for ATP's & PL's.

About Pangaea Resources:

Established in 1997, Pangaea Resources is an independent exploration and production company with a diverse portfolio of oil and natural gas operations across onshore Australia. Pangaea commenced exploration in Queensland with the successful application for petroleum tenements south of Chinchilla. Since then, Pangaea has expanded its activities and is now active in a number of areas exploring for and aiming to produce natural gas and oil from conventional and unconventional sources. Pangaea has built a

diverse team covering all major disciplines including highly regarded geoscientists and engineers with vast knowledge and skills in Australia's petroleum basins.

Yours sincerely



Ricky Mantaring

Manager - Corporate External Affairs

Pangaea Resources Pty Ltd

Level 50, 1 Farrer Place

Governor Philip Tower

Sydney NSW 2000 AUSTRALIA

Office: +61 (0)2 9017-9600

Website: www.pangaea.net.au