



BRIEFING

Block Offer 2018 – Proposed blocks for consultation

Date:	16 March 2018	Priority:	High
Security classification:	In Confidence	Tracking number:	2450 17-18

Action sought		
	Action sought	Deadline
Hon Dr Megan Woods Minister of Energy and Resources	<p>Agree to the proposed blocks for Block Offer 2018 consultation.</p> <p>Agree for MBIE to consult with iwi and hapū on the proposed blocks for Block Offer 2018 consultation.</p>	

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
James Stevenson-Wallace	General Manager, Energy & Resource Markets	04 474 2913	s 9(2)(a)	✓
s 9(2)(a)	Senior Policy Advisor, Resource Markets Policy	s 9(2)(a)		

The following departments/agencies have been consulted					
<input type="checkbox"/> Treasury	<input type="checkbox"/> MoJ	<input type="checkbox"/> NZTE	<input type="checkbox"/> MSD	<input type="checkbox"/> TEC	<input type="checkbox"/> MoE
<input type="checkbox"/> MFAT	<input type="checkbox"/> MPI	<input type="checkbox"/> MfE	<input type="checkbox"/> DIA	<input type="checkbox"/> TPK	<input type="checkbox"/> MoH
<input type="checkbox"/> Other:					

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments:

To discuss - please note comment

Note: This document is a revised version of briefing 2450 17-18 dated 15 March 2018. Note also that the annexed draft Cabinet paper was not lodged.



BRIEFING

Block Offer 2018 – Proposed blocks for consultation

Date:	16 March 2018	Priority:	High
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Purpose

This briefing seeks your agreement to the proposed blocks for Block Offer 2018 consultation. It recommends you notify Cabinet that the Ministry of Business, Innovation and Employment (MBIE) will consult with iwi and hapū, and notify local authorities, on the Block Offer 2018 consultation blocks. Consultation will likely occur between 26 March 2018 and 25 May 2018.

We note your intention for the Interim Climate Change Commission (Interim Committee) to consider how the allocation of new offshore petroleum exploration permits may impact reaching the net-zero target by 2050 and the plan to transition to 100% renewable electricity by 2035. We also note your intention for no offshore blocks to be offered as part of the Block Offer process until after the Committee has provided its advice. These intentions are reflected in this briefing note.

Executive summary

MBIE has selected proposed blocks for Block Offer 2018 consultation. Following your direction to limit available blocks to onshore Taranaki Basin, we propose to consult with iwi and hapū over a total of 1,703 square kilometres. In comparison, we consulted over 508,691 square kilometres for Block Offer 2017.

We recommend notifying relevant local authorities of the blocks in the consultation areas at the same time, however, it is not a statutory requirement to do so.

You have the final decision on the proposed blocks for consultation. After you have agreed to the proposed blocks for consultation, we recommend that MBIE undertake statutory consultation with iwi and hapū, and notify local authorities, which will likely occur 26 March 2018 and 25 May 2018.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Agree** to the proposed blocks for Block Offer 2018 consultation

Please provide advice on excluding conservation land in the tender process **Agree / Disagree**

- b **Agree** to consult with affected iwi and hapū on the blocks for Block Offer 2018 consultation, which will likely occur 26 March 2018 and 25 May 2018

Agree / Disagree

- c **Agree** to notify relevant local authorities on the blocks for Block Offer 2018 consultation, which will likely occur on 26 March 2018

Agree / Disagree

- d **Agree** to lodge the attached draft Cabinet paper with the Cabinet Office for consideration at Cabinet on 26 March 2018

overtaken by events

Agree / Disagree

- e **Note** we recommend making consideration of offshore oil and gas exploration an explicit deliverable for the Interim Committee either through:

- a. an amendment to the Interim Committee's Terms of Reference (MBIE prefers), or
- b. by writing to the Minister for Climate Change to provide clarification around the scope of the evidence and analysis request for the Interim Committee, as well as providing information on the technical details relating to your portfolio, which could then be provided to the Interim Committee and published on the internet.

Not Applicable

Overtaken by events

Noted

s 9(2)(a)

s 9(2)(a)

James Stevenson-Wallace
General Manager, Energy & Resource Markets
T: s 9(2)(a)
Ministry of Business, Innovation and Employment

16 / 03 / 18

Hon Dr Megan Woods
Minister of Energy and Resources

9 / 4 / 18

Background: Process for selecting proposed blocks for consultation

1. The Ministry of Business, Innovation and Employment (MBIE) allocates petroleum exploration permits through the annual Block Offer process. This tender is an annual process, which is made by public notice. The annual tender may result in the grant of petroleum exploration permits to successful bidders.
2. MBIE determines the blocks to be offered in the tender before a public notice is made. The blocks on offer are defined in consultation areas before the public notice of tender. Once the public notice of tender has been made, the blocks are defined in release areas.
3. The Block Offer involves eight stages: 1) request for industry nominations, 2) block selection, 3) ministerial consultation (at the Minister's discretion), 4), consultation with iwi and hapū, 5) analysis of consultation submissions, 6) public notice of tender, 7) evaluation of bids, and 8) grant of permits.
4. To date, MBIE has completed the 1) request for industry nominations, and 2) block selection stages.
5. Following direction from you we have explicitly excluded consideration of any offshore acreage.

Industry nominations

6. MBIE allows international and New Zealand petroleum exploration and production companies and the broader petroleum exploration industry to nominate areas to be included in future Block Offer rounds. Nominations provide an indication of where there is interest from industry. Nominated areas are not automatically included in future Block Offers. The nominations process represents a non-committal expression of interest, and does not necessarily correlate with bids received in a given Block Offer round.
7. For Block Offer 2018, we received 23 nominations for onshore and offshore areas from 11 companies. A map showing nominations received for Block Offer 2018 is attached in Annex 3. We received nominations from exploration companies and multi-client speculative companies. Nominations are commercially sensitive.

Block selection

8. MBIE has completed the block selection process by undertaking a staged process where we assessed:
 - a) geological merit – identification of areas with geological merit, principally based on sediment thickness;
 - b) prospectivity – identification of areas with prospectivity. This is principally based on evidence for components of a working petroleum system and previous industry interest as expressed by data acquired;
 - c) commerciality – identification of areas of commercial interest. This is principally based on industry nomination of areas during the nomination period, as detailed above. It is also informed by market interest and progression of activity in areas of interest by current and potential permit holders;
 - d) statutory obligations – removal of areas that are unavailable for petroleum exploration by primary and secondary legislation; and

- e) policy considerations – removal of areas that were excluded from previous Block Offers in line with previously announced Government commitments, and after balancing the concerns raised during previous consultation rounds against the prospectivity of the area.
- 9. MBIE also requests from other Government agencies' information about sensitive areas and upcoming legislative changes that may have implications on petroleum activity.
- 10. MBIE's block selection process is now complete. We request that you agree to the proposed blocks for Block Offer 2018 consultation.

Blocks excluded from the Block Offer 2018 consultation areas because of statutory obligations and policy considerations

- 11. In addition to your direction to exclude offshore blocks, we have excluded any land listed under clause 3.1 of the Minerals Programme for Petroleum 2013 (**Petroleum Programme**) because it is unavailable for permitting. This is a statutory requirement and this land cannot be included in any permit.
- 12. We have also excluded land from the Block Offer blocks for consultation in line with previously announced government commitments. As a result, the blocks in the consultation areas exclude:
 - a. land listed in Schedule 4 of the Crown Minerals Act 1991 (CMA), which lists land to which access restrictions apply. This means that there is a very low likelihood that any petroleum activities, except minimum impact activities, would be allowed to occur on the land; and
 - b. land that was excluded from previous Block Offer rounds. These areas were initially excluded after balancing the concerns raised during previous consultation rounds against the prospectivity of the area. This means that we will continue to exclude land around Parihaka Pā and land that is being investigated by the New Plymouth District Council and Taranaki iwi into possible wahi tapu sites.
- 13. There is no statutory requirement to exclude blocks that have previously been excluded. MBIE's previous practice has been to exclude blocks that were purposefully excluded from previous Block Offer rounds unless there has been a material change in circumstance (such as new information regarding the prospectivity of an area). However, as the statutory decision maker, you could re-include these areas for consultation.

Areas of sensitivity retained in Block Offer 2018

- 14. The proposed blocks for Block Offer 2018 consultation overlap with a number of sensitive areas (Annex 2 refers). Further information about these areas is attached in Annex 5. These include:
 - a. conservation estate (such as forest parks);
 - b. kiwi distribution areas; and
 - c. ecosystem management units.
- 15. These areas have been included in the consultation areas for Block Offer 2018 because the purpose of Block Offer is to allocate petroleum exploration rights. There is no statutory requirement to exclude them. The potential environmental, social and cultural effects of any activity are managed through other parts of the broader petroleum regulatory system. Legislation within the broader regulatory system includes the Resource Management Act 1991, the Conservation Act 1987, and the Historic Places Act 1993.

16. Consultation on the above areas is routine. However, you have the full discretion over the proposed blocks to be included in the Block Offer consultation areas.

Managing conflict between Block Offer 2018 and the policy of no new mines on Conservation Land

17. The consultation area for Block Offer 2018 contains a number of relatively small parcels of Conservation Land (totalling less than 36 square kilometres or about 2 per cent of the 1,703 square kilometres on offer). The policy work for no new mines on Conservation Land is still being developed, but there is a potential for conflict if new Petroleum Exploration Permits are issued as a result of Block Offer 2018 that require, as part of the proposed work programme, drilling on Conservation Land.

18. s 9(2)(g)(i)

- 19.

Interagency consultation

20. In 2017, MBIE undertook inter-agency consultation where we sought information on whether there are any areas of sensitivity within the proposed blocks for consultation.
21. The following agencies were consulted in 2017 on the proposed blocks for Block Offer 2018 consultation: the Office of Treaty Settlements, Te Puni Kōkiri, Department of Conservation, Ministry for the Environment, WorkSafe New Zealand, Ministry for Primary Industries, the Environmental Protection Authority, Treasury, and Land Information New Zealand. The Department of Prime Minister and Cabinet was also informed in 2017.

Proposed blocks for Block Offer 2018 consultation

22. A Map showing the proposed blocks for Block Offer 2018 consultation are attached in Annex 1. We propose that you consider releasing the blocks identified in Annex 1 for consultation with iwi and hapū.
23. We propose to consult over a total of 1,703 square kilometres for Block Offer 2018. In comparison, we consulted over 508,691 square kilometres for Block Offer 2017.

Proposed blocks in the Onshore Taranaki consultation area

24. MBIE proposes to increase the blocks in the Onshore Taranaki consultation area from 1,242 square kilometres in Block Offer 2017 to 1,703 square kilometres in Block Offer 2018.
25. We have excluded Parihaka Pā from the consultation area because it has been excluded from previous block offer rounds. We have also removed land listed in Schedule 4 of the CMA from this consultation area.

26. We have excluded acreage that is being investigated by New Plymouth District Council and Taranaki iwi relating to possible wahi tapu sites from the consultation area. This approach is in line with that taken in previous block offer rounds.

Consultation with iwi and hapū

27. MBIE proposes to undertake consultation with iwi and hapū, and provide information to local authorities, which will likely occur between 26 March 2018 and 25 May 2018.
28. Consultation with iwi and hapū is a statutory requirement. Under Section 4 of the CMA, MBIE is required to "have regard to the principles of the Treaty of Waitangi." MBIE is required to consult with affected iwi and hapū on each Block Offer round so that they can provide feedback on the consultation areas under clause 2.4 of the Petroleum Programme.
29. Under the Petroleum Programme, iwi and hapū have 40 working days to consider the consultation blocks and make a submission. They may request that activities in certain areas be subject to additional requirements or conditions that recognise the particular characteristics of that area. Further, they can request that certain sensitive areas within the proposed blocks be excluded from the Block Offer round under clause 2.6 of the Petroleum Programme.
30. In previous Block Offer rounds MBIE has notified local authorities to identify any relevant regional issues that may have implications on petroleum exploration. MBIE is well-informed about local authorities' perspectives relating to petroleum exploration in Taranaki. Consultation with local authorities is not a statutory requirement. For Block Offer 2018, MBIE proposes that we notify relevant local authorities.
31. Once consultation has closed, submissions from iwi and hapū will be analysed, along with any requests for exclusion. A final recommendation on the areas to be released for bidding will be made to you.

Next steps for Block Offer 2018

Finalising the blocks for Block Offer 2018 consultation

32. We propose that once you have made a decision on the blocks for consultation, no other blocks will be included in the Block Offer 2018 consultation process. This includes excluding any future permit surrenders and permit relinquishments from consideration.

Notifying Cabinet of the blocks for Block Offer 2018 consultation

33. We propose that you notify Cabinet of the blocks for Block Offer 2018 consultation. The Minister of Energy and Resources has previously notified Cabinet of the commencement of consultation. We have prepared a draft Cabinet paper, which is attached in Annex 4.
34. MBIE recommends that you lodge this Cabinet paper with the Cabinet Office for consideration at Cabinet on 26 March 2018. This ensures that Cabinet is notified before the likely commencement of consultation on 26 March 2018.

ICCC to consider offshore petroleum permits

35. Cabinet noted [CAB-17-0547.01 refers] the intention to establish an independent Climate Change Commission (Climate Commission) in mid-2019 subject to the passage of the Zero Carbon Bill. The same minute confirmed Cabinet's decision to establish an Interim Committee to prepare evidence and analysis on priority matters to be provided to the Climate Commission when it is established.

36. We understand you intend that the Interim Committee and Climate Change Commission should consider the role of future offshore oil and gas exploration in the context of the Government's net-zero target by 2050 and the plan to transition to 100 per cent renewable electricity by 2035.
37. The Interim Committee would need to collect evidence and produce analysis concerning the impact new offshore oil and gas exploration would have on meeting the net-zero target by 2050, and the role of gas fired peaking and security of supply on the transition to 100 per cent renewable electricity generation.
38. The Interim Committee is due to report their findings to the Climate Change Commission, subject to the successful passage of the Zero Carbon Bill, by mid-2019.
39. This work is consistent with the Interim Committee's Terms of Reference (TOR), although it is not explicitly a required deliverable. We recommend either making this an explicit deliverable through an amendment to the TOR (MBIE's preferred option), or alternatively that you write to the Minister for Climate Change to provide clarification around the scope of the evidence and analysis request, as well as provide information on the technical details relating to your portfolio. These could include for example, information around interaction with Block Offer and other context for the Committee. We recommend this letter is then provided to the Committee and be made public for transparency reasons.

Preservation of existing rights

40. No new offshore blocks will be offered via the Block Offer process until after the Climate Change Commission has reported its findings, based on the analysis and advice of the Interim Committee. The scope of this consideration will be new permits. The rights of incumbent operators under existing permits will not be affected.
41. Where associated with existing activities, there will be no change to an operator's ability to carry out data acquisition (such as seismic surveying), drill wells, and or modify their existing permit (such as the area or duration). This would include the ability of incumbent exploration permit holders to develop any new petroleum discoveries made by exercising their subsequent rights to a mining permit.
42. These activities, amendments and developments would continue to be assessed under the current legislative settings of the CMA and associated regulations, the Petroleum Programme and associated environmental, health and safety legislation.

Risks with this approach

43. s 9(2)(f)(iv)

44.

45.

s 9(2)(f)(iv)

Annexes

Annex 1: Map of proposed blocks for Block Offer 2018 consultation

Annex 2: Map of overlaps with sites of sensitivity

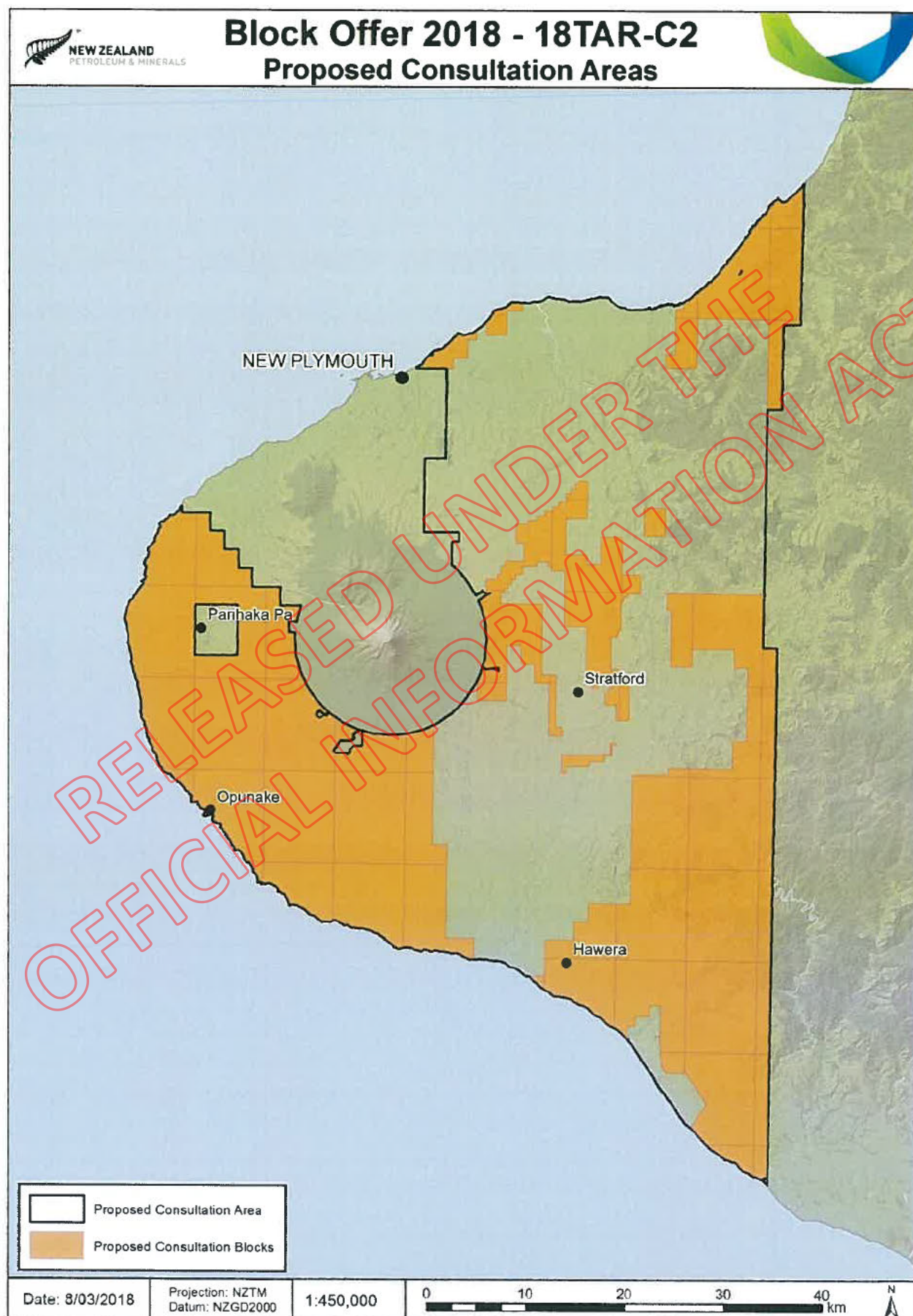
Annex 3: Petroleum nominations

Annex 4: Cabinet paper

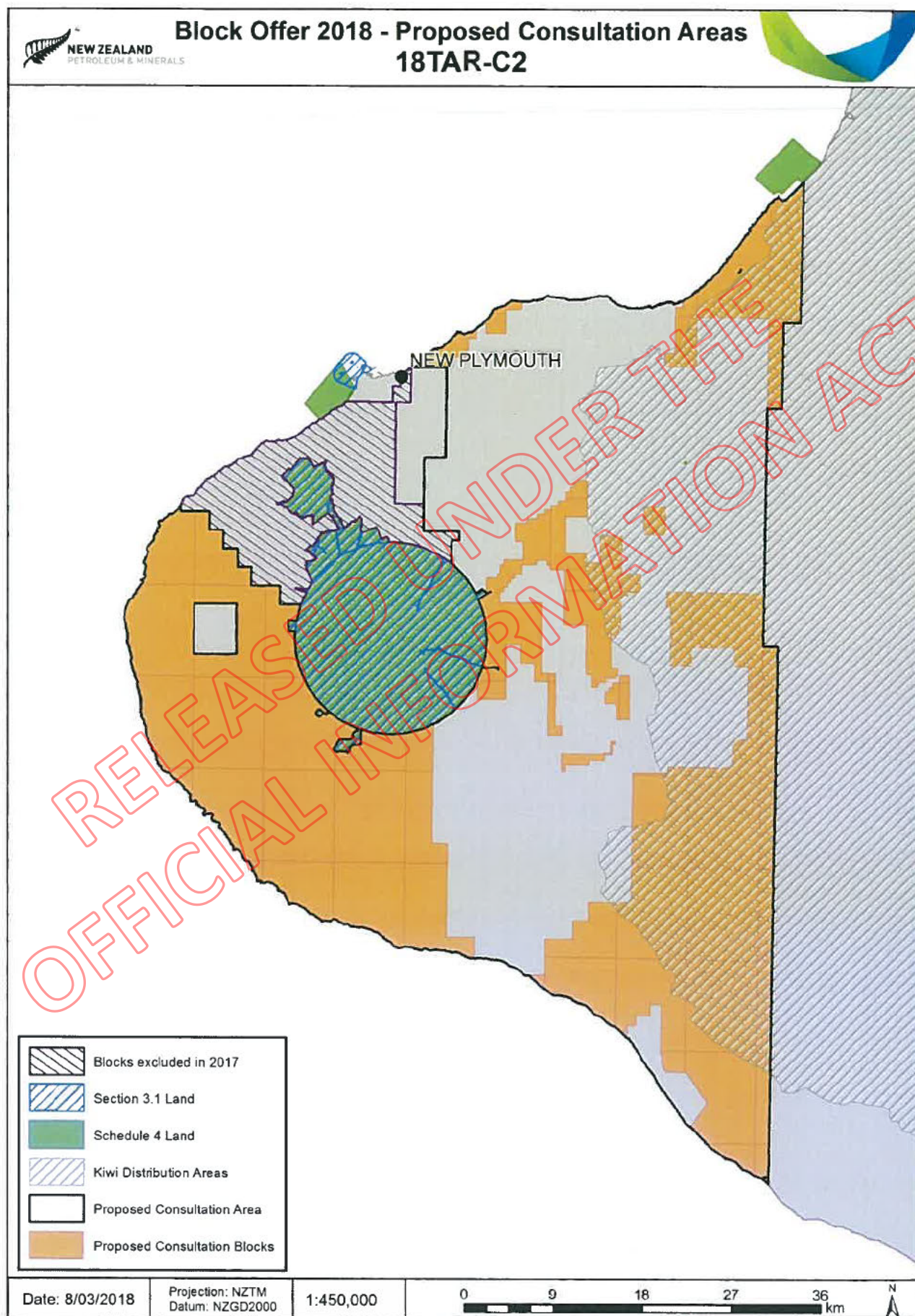
Annex 5: Classification of sensitive areas included in blocks for consultation

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Annex 1: Map of proposed blocks for Block Offer 2018 consultation



Annex 2: Map of overlaps with sites of sensitivity



Annex 3: Petroleum nominations

s 9(2)(b)(ii)

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Annex 3: Petroleum nominations

s 9(2)(b)(ii)

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Annex 4: Cabinet paper

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Annex 5: Classification of sensitive areas included in blocks for consultation

Conservation Act 1987

Conservation Areas	<p>Land or foreshore held for conservation purposes or land in respect of which an interest is held for conservation purposes.</p> <p>Permit holders require land access from the Minister of Conservation and the Minister of Energy and Resources. There are no inherent restrictions relating to petroleum mining activities at this time.</p>
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Other

Kiwi Distribution Areas and Ecosystem Management Unit	<p>These areas are not established under legislation and do not impose rules or requirements. They are operationally noted by the Department of Conservation and draw attention to important values which would be assessed as part of Concession or Access applications.</p> <p>Ecosystem management units are places identified as important for management because of the types and condition of the ecosystems and species there.</p> <p>There are no restrictions relating to petroleum mining in these areas.</p>
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*Draft
not to be used*

Office of the Minister of Energy and Resources

Chair, Cabinet

Petroleum Block Offer 2018: Commencement of consultation, Interim Climate Change Committee to consider allocation of offshore petroleum exploration permits

Proposal

- 1 To inform you that the Ministry of Business, Innovation and Employment (MBIE) will consult with iwi and hapū, and notify local authorities, on the Block Offer 2018 consultation blocks. Consultation will likely occur between 26 March 2018 and 25 May 2018.
- 2 Additionally, to inform you that I intend that the Interim Climate Change Committee (Interim Committee) and Climate Change Commission should consider the role of future offshore oil and gas exploration in the context of the Government's net-zero target by 2050 and the plan to transition to 100 per cent renewable electricity by 2035.

Block Offer 2018 Executive Summary

- 3 Following direction from me to limit available blocks to the onshore Taranaki Basin, MBIE has selected the blocks for Block Offer 2018 consultation. This selection is based on geology, prospectivity, commercial interest, statutory obligations and policy considerations for this region.
- 4 No offshore blocks will be offered until such time as the Climate Change Commission has provided advice to Government, based on the evidence and analysis of the Interim Committee.
- 5 In total, the blocks for Block Offer 2018 consultation total 1,703 square kilometres. In comparison, MBIE consulted over 508,691 square kilometres for Block Offer 2017. I will direct MBIE to consult with iwi and hapū whose rohe overlaps with the consultation blocks as required under the Crown Minerals Act 1991 (CMA) regime. Consultation will likely occur between 26 March 2018 and 25 May 2018. I will also direct MBIE to inform relevant local authorities of the consultation blocks.
- 6 I will then consider iwi and hapū submissions before making a final decision on the Block Offer 2018 tender blocks, which will occur later in June/July 2018.

Interim Committee to consider future of new offshore petroleum exploration permits

- 7 I intend that the Interim Committee [Cab 17-MIN-0547.01 refers] should gather evidence and analysis relevant to the role of future offshore oil and gas exploration in the context of the Government's net-zero target by 2050 and the plan to transition to 100 per cent renewable electricity by 2035.

- 8 The Interim Committee will consider the impact new offshore exploration would have on meeting the net-zero target by 2050, and the role of gas fired peaking and security of supply on the transition to 100 per cent renewable electricity generation.
- 9 The Interim Committee is due to hand over their findings to the Climate Change Commission, subject to the successful passing of the Zero Carbon Bill, by approximately mid-2019. The Commission would then make recommendations and provide advice to Government. Until that time no new offshore blocks will be offered via the Block Offer process.

Existing rights will be preserved

- 10 There will be no change to an existing operator's ability to carry out data acquisition (such as seismic surveying), drill wells and or modify their existing permit (such as the area or duration). This would include the ability of incumbent permit holders to develop any new petroleum discoveries made, by exercising their subsequent right under the CMA to convert their exploration permit into a mining permit.
- 11 These activities, amendments and developments would continue to be assessed under the current legislative settings of the CMA and associated regulations, the Petroleum Programme and associated environmental, health and safety legislation.

Background

- 12 MBIE allocates petroleum exploration permits through the annual Block Offer process. The Block Offer tender is an annual process, which is made by public notice. Before a public notice is made, MBIE determines the blocks to be offered in the tender. The blocks on offer are defined in consultation areas before the public notice of tender. Once the public notice of tender has been made, the blocks are defined in release areas.
- 13 The Block Offer involves eight stages: 1) request for industry nominations, 2) block selection, 3) ministerial consultation, 4), consultation with iwi and hapū, 5) analysing submissions received through consultation, 6) public notice of tender, 7) evaluation of bids, and 8) grant of permits.
- 14 Stages 1) request for industry nominations, and 2) block selection of Block Offer 2018 are complete.

Selection of blocks for Block Offer 2018 consultation

- 15 Subject to my direction to limit available blocks to the onshore Taranaki Basin, MBIE has selected the blocks for Block Offer 2018 consultation. MBIE has selected consultation blocks on the basis of geology, prospectivity, commercial interest, statutory obligations and policy considerations.
- 16 MBIE included areas with likely geological merit and prospectivity based on sediment thickness and existing data.

- 17 MBIE identifies areas of commercial interest by requesting industry to nominate areas that they may be interested in bidding for later in the Block Offer process. This ensures that the blocks on offer reflect commercial interest, which increases the likelihood of a company making a bid. For Block Offer 2018, MBIE received 23 nominations for onshore and offshore areas. Nominations are commercially sensitive.

Exclusions based on statutory obligations and policy considerations

- 18 MBIE has excluded any land listed under clause 3.1 of the Minerals Programme for Petroleum 2013 (**Petroleum Programme**) because it is unavailable for permitting. This is a statutory requirement, and this land cannot be included in any permit.
- 19 MBIE also excluded parts of some consultation areas in line with previously announced government commitments. There is no statutory requirement to exclude these areas. As a result, the consultation areas exclude:
- 19.1 land listed in Schedule 4 of the CMA, to which land access restrictions apply. This means that there is a very low likelihood that petroleum activities, except minimum impact activities, would be allowed to occur on the land; and
- 19.2 blocks that were excluded from previous Block Offer rounds, except for the acreage mentioned in the following section. These areas were initially excluded after balancing the concerns raised during previous consultation rounds against the geological prospectivity and commerciality of the area.

Areas of sensitivity that are included in the blocks for Block Offer 2018 consultation

- 20 The blocks for Block Offer 2018 consultation overlap with a number of sensitive areas. These include conservation estate (such as forest parks), kiwi distribution areas, and ecosystem management units.
- 21 I have decided to leave these areas of sensitivity in the consultation areas, which is consistent with the approach used in previous Block Offer rounds. The purpose of the Block Offer is to allocate petroleum exploration rights. There is no statutory requirement to exclude these areas. The potential environmental, social and cultural effects of any activity are managed through other parts of the broader petroleum regulatory system. Legislation within the broader regulatory system includes the Resource Management Act 1991, the Conservation Act 1987, and the Historic Places Act 1993.

Managing conflict between Block Offer 2018 and the policy of no new mines on Conservation Land

- 22 The consultation area for Block Offer 2018 contains a number of relatively small parcels of Conservation Land (totalling less than 36 square kilometres or about 2 per cent of the 1,703 square kilometres on offer). The policy work for no new mines on Conservation Land is still being developed, but there is a potential for conflict if new Petroleum Exploration Permits are issued as a result of Block Offer 2018 that require, as part of the proposed work programme, drilling on Conservation Land.

23

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Block Offer consultation areas

- 25 As a result of the block selection process, I intend to direct MBIE to consult with iwi and hapū over a total of 1,702 square kilometres for Block Offer 2018. In comparison, 508,691 square kilometres were consulted on for Block Offer 2017.
- 26 The Block Offer 2018 consultation areas are in the productive Taranaki Basin only. A map has been provided as Annex 1.

Consultation with affected iwi and hapū

- 27 Before the Block Offer 2018 tender blocks can be finalised, MBIE must consult with iwi and hapū whose rohe overlap with the consultation area. This is a statutory requirement under the CMA. I will direct MBIE to consult with iwi and hapū, which will likely occur between 26 March 2018 and 25 May 2018.
- 28 Consultation provides iwi and hapū with the opportunity to identify any concerns they may have with the blocks. They may request that activities in certain areas be subject to additional requirements or conditions that recognise the particular characteristics of that area. Further, they can request that certain sensitive areas within the proposed blocks be excluded from the Block Offer round.
- 29 I intend for MBIE to inform local authorities, where their regional or district boundaries intersect with the consultation areas. There is no statutory requirement for consultation with groups other than iwi and hapū.
- 30 After the consultation period closes, MBIE will analyse submissions. I will then make a final decision on the blocks available for tender prior to the formal bidding period.

Consultation

- 31 MBIE consulted with the following agencies in 2017 on the proposed consultation area: the Office of Treaty Settlements; Te Puni Kōkiri; WorkSafe New Zealand; the Department of Conservation; the Ministry for the Environment; Ministry for Primary Industries; the Environmental Protection Authority; Treasury; and Land Information New Zealand. The Department of Prime Minister and Cabinet was also informed.

- 32 Feedback from this process, along with information from other agencies held by MBIE as a result of consultation on previous Block Offers, has informed the block selection process.

Financial Implications

- 33 Consultation on the proposed blocks for Block Offer 2018 does not have financial implications. The purpose of consultation is to better understand iwi and hapū perspectives on these blocks.
- 34 The grant of any permits later in the Block Offer 2018 process would have financial implications for the Crown, although the extent of this is currently unknown.

Human Rights

- 35 There are no human rights implications.

Legislative Implications

- 36 There are no legislative implications.

Regulatory Impact Analysis

- 37 Block Offer 2018 does not require any regulatory amendments. Therefore, it does not require a Regulatory Impact Analysis.

Gender Implications

- 38 The proposals in this paper have no gender implications.

Disability Perspective

- 39 The proposals in this paper have no implications from a disability perspective.

Publicity

- 40 I intend the announcement of the consultation areas for Block Offer 2018 to coincide with the New Zealand Petroleum Conference on 26 March 2018.
- 41 Details of Block Offer 2018 will also be made publicly available on the New Zealand Petroleum & Minerals (**NZP&M**) website.
- 42 MBIE will also ensure that other interested parties, including relevant government agencies and industry, are informed about the iwi and hapū consultation and local government engagement processes.

Recommendations

I recommend that Cabinet:

- 1 **Note** subject to my direction to limit available blocks to onshore in the Taranaki Basin, the Ministry of Business, Innovation and Employment have selected the consultation areas for Block Offer 2018 based on geology, prospectivity, commercial interest, statutory obligations and policy considerations.

- 2 **Note** I will direct the Ministry of Business, Innovation and Employment to consult on the Block Offer 2018 consultation blocks with iwi and hapū, which will likely occur between 26 March 2018 and 25 May 2018.
- 3 **Note** I will also direct the Ministry of Business, Innovation and Employment to inform local authorities on the Block Offer 2018 consultation blocks.
- 4 **Note** my intention is for the Interim Climate Change Committee to consider the role of future offshore oil and gas exploration in the context of the Government's net-zero target by 2050 and the plan to transition to 100 per cent renewable electricity by 2035. Until such time as the subsequent Commission is established and has made recommendations to Government, no new offshore blocks will be offered via the Block Offer process.
- 5 **Note** I intend for this paper to be published, with redactions consistent with the Official Information Act 1982, on the MBIE website.

Authorised for lodgement

Hon Dr Megan Woods
Minister of Energy and Resources

Annexes

Annex 1: Map of proposed blocks for Block Offer 2018 consultation

Annex 1: Map of proposed blocks for Block Offer 2018 consultation

